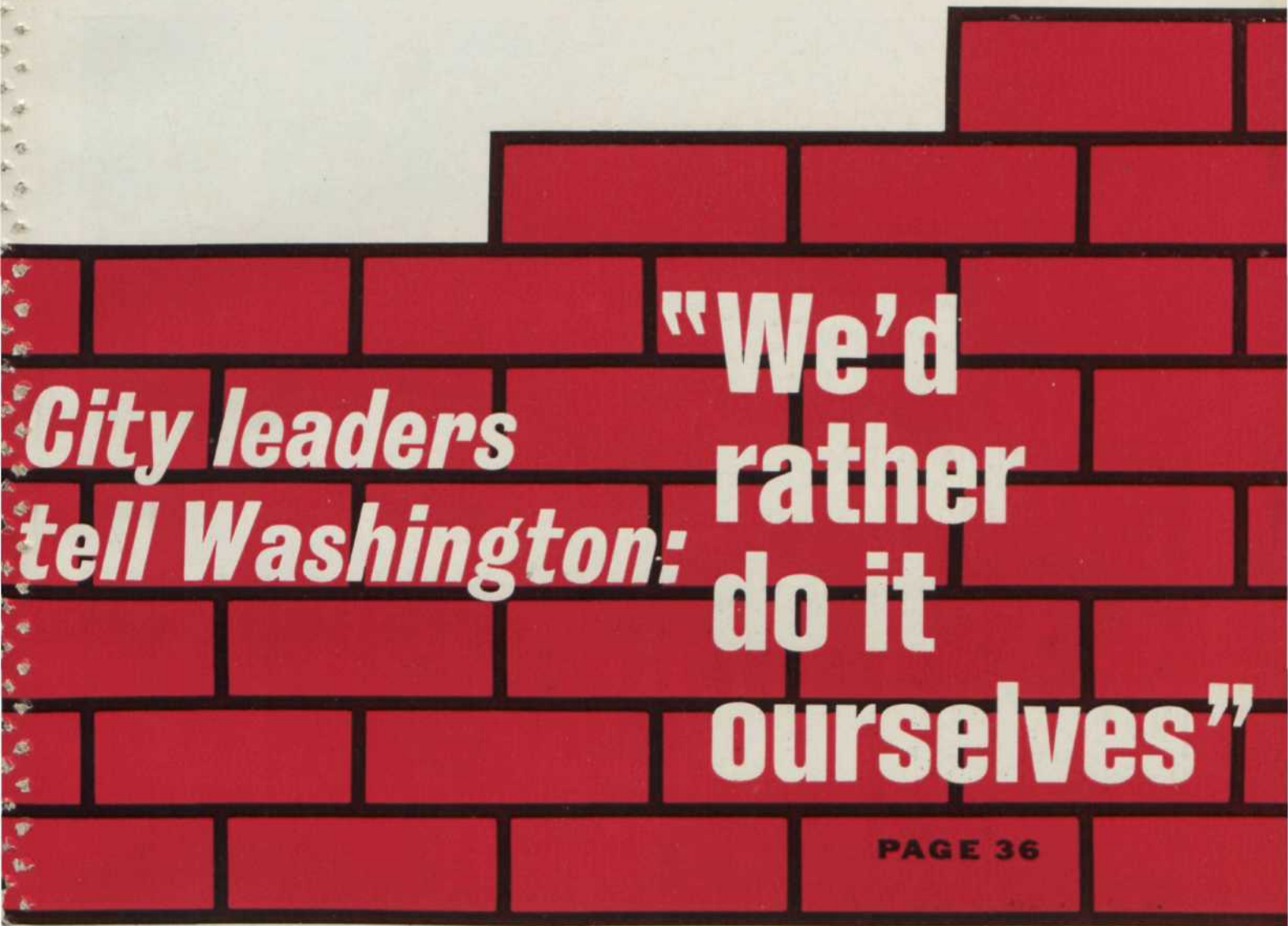
Nation's Business

A USEFUL LOOK AHEAD

SEPTEMBER 1965



City leaders tell Washington: "We'd rather do it ourselves"

PAGE 36

PATTERN FOR SUCCESS

Exclusive new series recreating the Harvard Business School's Advanced Management Course

PAGE 46

'Jeep' 4-wheel drive makes ordinary pick-ups incomplete



SEE 'JEEP' VEHICLES IN ACTION ON "WORLD SERIES OF GOLF," SEPTEMBER 11-12, IN COLOR ON NBC-TV.

Now, 'Jeep' Gladiator hitches 4-wheel drive to hot new V-8 or new 6.

Want to take a load where it's rough? Go ahead. Muddy fields? Downpours won't slow you. Sand? Snow? Go right through. Washouts won't stop you. Ice? 4-wheel drive gives you gripping power when ordinary 2-wheel drive pick-ups have to stay home.

Take your pick of 2 terrific new engines: 250-hp 'Vigilante' V-8 with all the power you'll ever need—on or off the road; and the new Hi-Torque 6 that really means business when it comes to hard work. Also available—famous Turbo Hydra-Matic* automatic transmission (with new dual-range transfer case). Power steering, power brakes, of course. 7- or 8-foot box, flat bed or stake, GVW's to 8600 lbs. You name it.

So don't settle for an ordinary truck. See your 'Jeep' Dealer and test drive the 'Jeep' Gladiator—one of the Unstoppables.

*TRADEMARK GENERAL MOTORS CORPORATION

KAISER Jeep CORPORATION
TOLEDO 1, OHIO

'Jeep' Gladiator

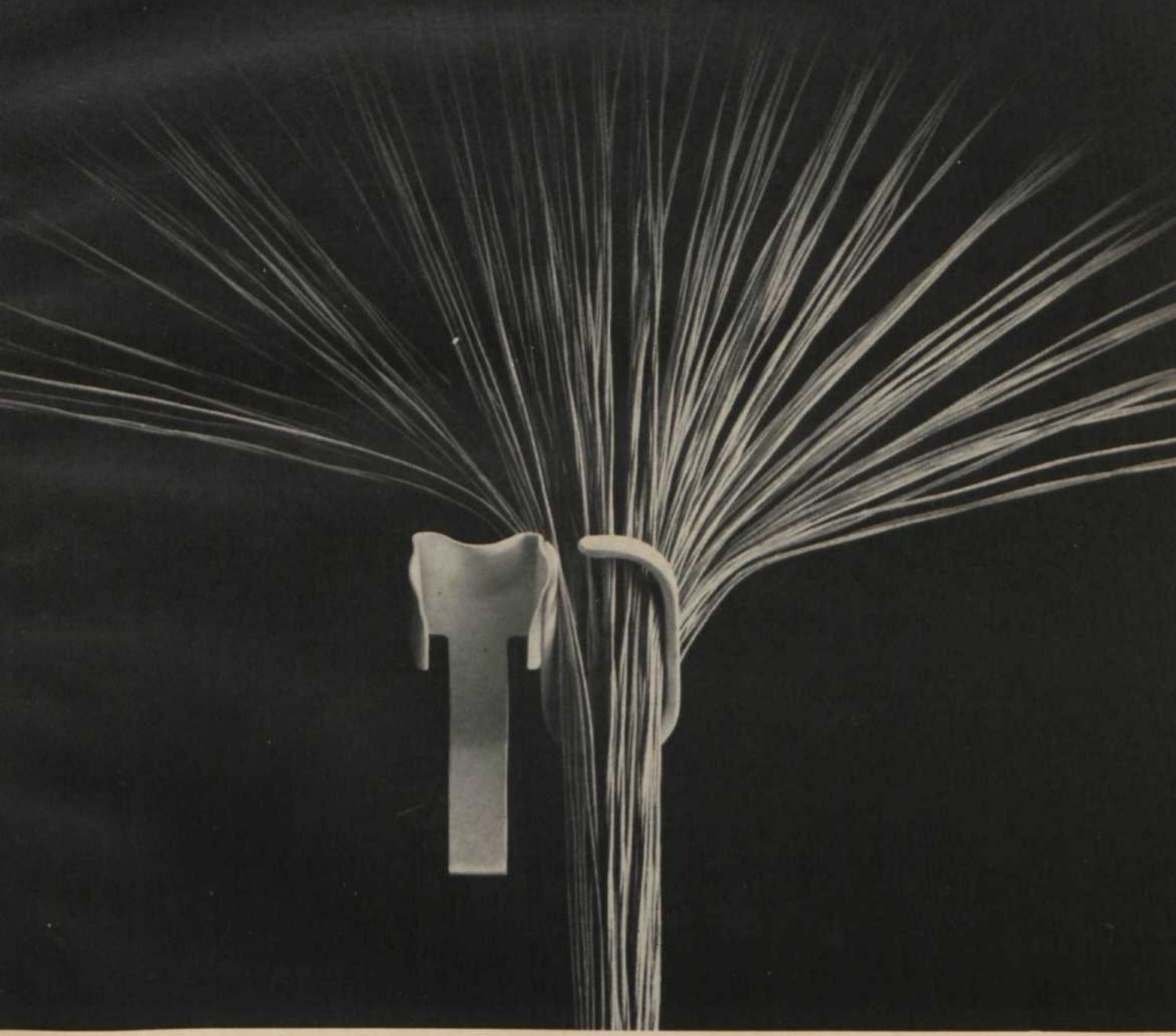
You've got to drive it to believe it!

HOW 'SMALL' BUSINESS HELPS WESTERN ELECTRIC SEARCH FOR BETTER PRODUCTS

Bell telephone companies use distributing rings like the one shown below to secure telephone wires to central office frames. For many years these rings were produced as single stampings. Not long ago, however, one of Western Electric's suppliers, Slidematic Products, Inc., found that through new tooling and a new welding technique they could assemble them from two pieces and meet closer tolerances.

Slidematic Products is just one of the 40,000 U.S. businesses that help Western Electric do its manufacturing and supply job for the Bell System. Through the years these companies have been indispensable to Western Electric in meeting the Bell System's growing need for quality materials and good service at reasonable cost. And, like Slidematic, 90 per cent of these firms are "small" businesses, as defined by the Small Business Administration.

Western Electric's needs range from computers to wire cutters. If your company has products that might be useful to us, write for our booklet, "Glad to See You!", Room 16R, 195 Broadway, N.Y., N.Y. 10007. Or talk to a buyer at one of Western Electric's plants.



Western Electric
MANUFACTURING & SUPPLY UNIT OF THE BELL SYSTEM

Nation's Business

September 1965 Vol. 53 No. 9

Published by the Chamber of Commerce of the United States
The national federation of organizations representing
4,500,000 companies and professional and business men
Washington, D.C.

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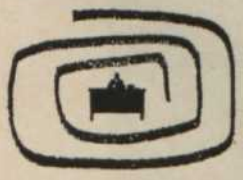
Now the busy bargain hunters of handouts and subsidies can let their fingers do the shopping through the welfare mazes

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"That Detroit Diesel 8V-71N is the best engine we've ever used...

"...we're working toward standardization on the 8V-71N," says Stanley Shavalier, Fleet Superintendent of Wagoner Transportation Co. Read why.



"150,000 pounds, 11 axles, and high wind-resistance give our engines a real job to do," says Mr. Shavalier about the 28 GMC's operated 24 hours a day by Wagoner Transportation Company, Muskegon, Michigan.

"But we put those 8V-71N's on the road and forget 'em. We load 'em and work 'em. Yet maintenance is the lowest in the fleet.

"That 8V-71N is the best engine we've ever used."

Tough job. Satisfied user. That's typical of the reports coming from truckers using Detroit Diesel's new "N" engines.

"N" engines, with their higher-compression-ratio pistons and new Needle-Valve injectors, (a) can equal any engine in total performance, yet beat it in operating economy—or (b) can equal any engine in operating economy, yet beat it in performance.

How about you? Ready to talk truck power? Ask your truck dealer about Detroit Diesel "N" engines. Or call your nearest Detroit Diesel Distributor (he's in the Yellow Pages under "Engines, Diesel"). He'll be glad to give you the whole story. Detroit Diesel Engine Division, General Motors, Detroit, Michigan 48228.

(In Canada: General Motors Diesel Limited, London, Ont.)

DETROIT DIESEL



Ray Fawcett, Vice President, Logan Metal Stampings, Inc., Akron, Ohio, has a simplified and inexpensive way to control scheduling procedures and job costs.

"A McBee '360' System enables our 100-man plant to bid successfully against giant competitors. By giving us the same controls. At far less cost."

"In a medium-sized metal stampings business like ours, you've got to know actual job costs—and the status of every job in the house—if you're going to make realistic bids for contracts. Otherwise, you're going to bid too high to compete with the giants—or too low to make a profit.

"And, unless you know the status of everything in the shop, you find yourself tearing down the tooling on a job not yet completed in order to make machine time available for a job which needs expediting. It's a big problem—and a costly one.

"We solved it with a McBee '360' System. Easy, inexpensive, and mechanical. It gives us the prompt, accurate controls over scheduling, labor and material costs, work in process, and inventory that we need. When we need them. It's a system that anyone in our plant can understand. And anyone can operate it.

"It has enabled us to reduce inventory 32%. To do the work we used to do in a five and a half day week in a five day week—without overtime. And to bid against giant competitors realistically. And successfully. All by giving us the controls over scheduling and costs that enable us to estimate the time and expense of doing a job.

"Or, to put it another way, it's the one paperwork system that has pointed the way to profitable operations."

Operators keep McBee '360' System Labor Tickets at their work stations, until the operation or shift has been completed, to enable management to accurately control every job in the shop.



Hours and dollar amounts coded into the Labor Tickets are automatically tabulated on the '360' Tab Punch/Reader.



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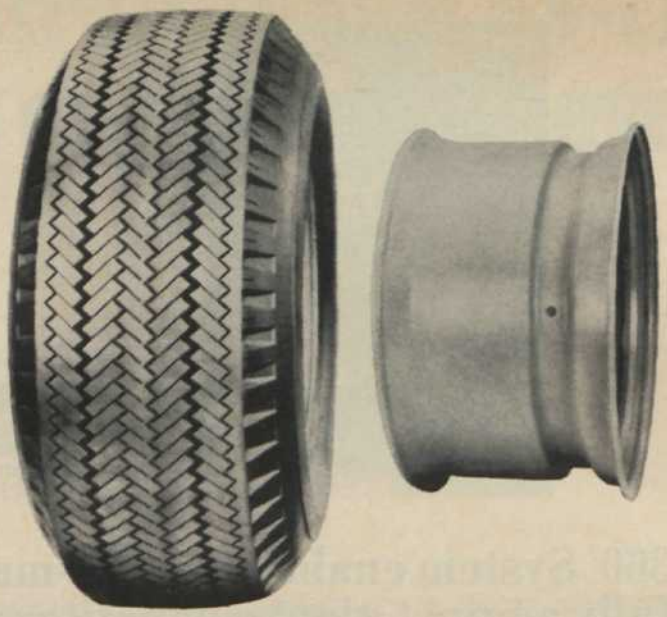
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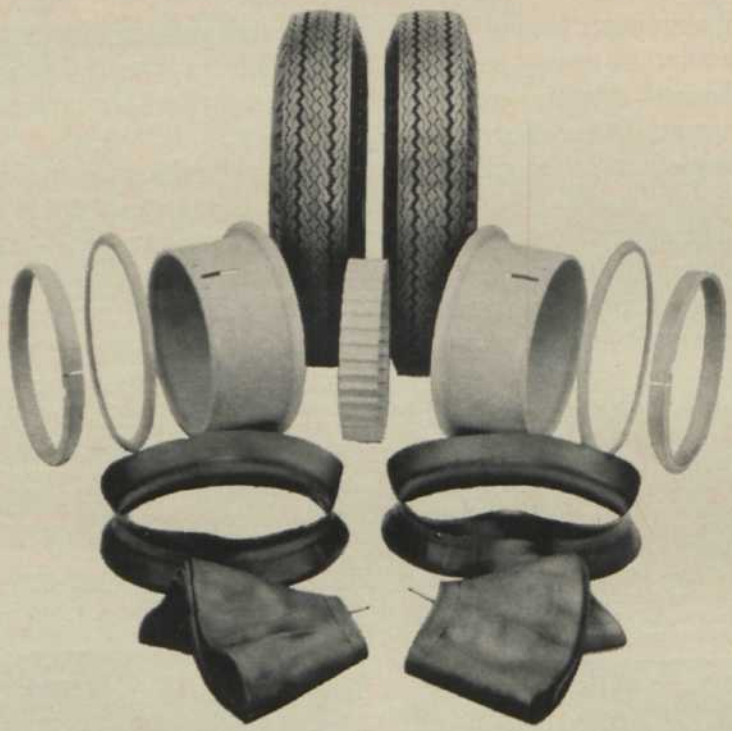
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13 dual tire and rim parts

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Ask the tire experts at your nearby Firestone Dealer or Store about new Duplex truck tires and the low-cost *Duplex Changeover Plan*. And remember, always specify Firestone tires, rims and wheels on new trucks and trailers.

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MEMBER ATA AMERICAN TRUCKING INDUSTRY

Firestone DUPLEX

WASHINGTON **BUSINESS OUTLOOK**

Tax cut next year—is out.

Costlier war in Viet Nam is by no means the only reason why.

Planning for additional personal income tax and corporation tax cuts has been under way for some time, though final decision was to come somewhat later this year. It had been expected, tax experts in capital agree, that new tax reductions would be proposed next January, to become effective either in January or July next year. But not now.

Viet Nam is major reason, of course. Costs there, it is now clear, upset planned cuts in defense spending which would have amounted to about one half per cent or more per year for next four or five years—leaving room for further escalation of welfare-state spending.

Instead, defense spending will rise to pay both military and civilian personnel, and purchase defense hardware.

Planned reduction in civilian employment goes out the window. Same's true of men in uniform, now expected to increase by at least 300,000. Pay also will be higher. Training costs will soar as new troops put on uniform.

Budget people are trying now to cost all future factors, figure how much rise in Pentagon budget is still ahead. They say they don't know yet, but they pooh-pooh those who suggest defense spending could rise as much as $10 billion to $15 billion within a year. But rise could be more than $5 billion.

Other big reason for putting off tax cut is because Administration's legislative program this year had such large price tags.

Other effects of war are unclear.

Not all Washington officials agree with official Administration line that even Korean-size war would not cause ripple in our economy.

Some think there'll be squeeze on at least some materials. At same time industry leaders feel Washington underrates industrial capacity.

You might feel impact first if war reaches stage where reserve forces are called.

Many companies are checking status of key people to see what they'd do.

If war in Asia spreads, will Congress freeze wages, prices, impose other economic controls?

Answer at this time is "no," view expressed broadly by government officials and key men in Congress.

Importantly, answer would still be "no" even if war spread considerably. Nuclear war, of course, would be something else.

Will rising defense costs be offset by cuts in welfare-state spending?

Not much chance.

Administration tries to cook up even bigger ideas for welfare programs (See Washington Mood, page 23).

Most kinds of federal spending appear sure to rise.

That's prospect as foreseen by budget experts who now are reviewing all programs in preparation for next budget.

New spending proposals go to Congress in January and cover fiscal '67, or period 18 months beyond time they're given to Congress.

One thing is sure: We've seen the end of the under-$100 billion budgets. This year's budget, estimated last January at less than $100 billion, will shoot above that.

And don't be surprised if next year's budget, with added war costs plus higher welfare spending, goes up another 10 per cent or more.

Some government programs, of course, will be trimmed, not permitted to rise. But which? Most decisions yet to be made.

Here's comment of Charles L. Schultze, director of Bureau of the Budget:

"We spend for some purpose—to provide

directly an item or service which meets national objectives, to meet past obligations, or to augment private or state and local spending in desired directions. But each expenditure program must be judged on its own merits, and against the desirability of providing more leeway for tax reduction.

"Inevitably, therefore, any conscientious decision about the relative merits of expenditure increases versus tax cuts must flow from an analysis of the benefits of individual programs relative to their costs—the decision cannot be made in the abstract by reference to some rule-of-thumb about the 'needed' rate of increase in total federal spending."

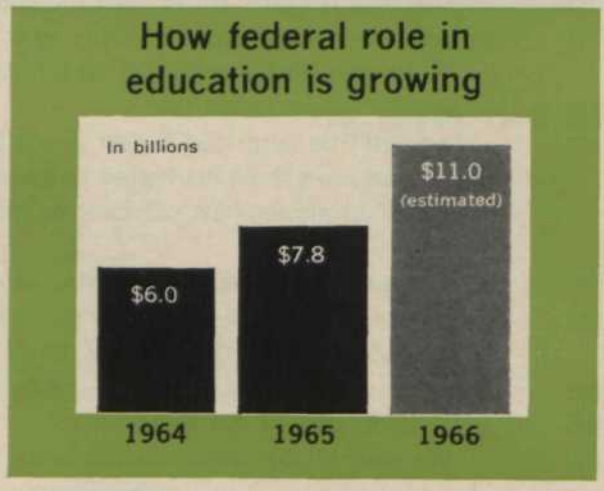
Translation: "Will give everything a hard look."

Watch for President to stress federal role in education as key government program next year.

It's good guess now that this will get the big push—as war on poverty is stressed this year.

Doles are to rise sharply, larger sums being channeled out to states, cities, townships, school districts through more than four dozen kinds of spending programs.

Recent tabulation of all kinds of programs involving education and training shows Uncle Sam is spending more than $7.8 billion this year and projection indicates this will rise above $11 billion in year ahead.



This includes straight doles for educational purposes, construction, loans, grants, training, retraining—all education-related programs included in U. S. Office of Education tabulation, direct and indirect government involvement.

Sign of the future: House of Representatives subcommittee considers ways to boost spending for primary and secondary schools even before Congress completes action on this year's legislation.

Unofficial estimate is that U. S. Office of Education—now attached to Department of Health, Education, Welfare—by fiscal '69 may have budget around $12 billion under its control, with another $3 billion to $5 billion being spent for educational activities by other federal agencies.

Note: Government already has confidential plans for a U. S. Department of Education, jumping this agency to cabinet-level status.

Those lower-than-expected budget deficits hide big debt fluctuations which occur during the year.

Here's national debt trend for next several months:

At beginning of last month, federal debt was roughly $4 billion higher than it was just 30 days before.

In another two weeks it'll rise another $4 billion.

Projected high point for public debt will be reached about next March 15.

But by next June 30, when fiscal year ends, debt will be down again to about today's level. This fluctuation will help preserve economy-in-government image.

This, of course, is current plan and hinges

on whether spending rise ahead will be curtailed.

Your taxes for social security programs go up 480 per cent in two decades.

That's '65 taxes compared with '45 taxes.

Background:

Employee paid $30 in '45. Employer paid same amount. Total: $60.

Each pays $174 this year.

Future? Higher taxes already are scheduled. But that's just beginning. Congress broadens benefits, boosts taxes every couple of years.

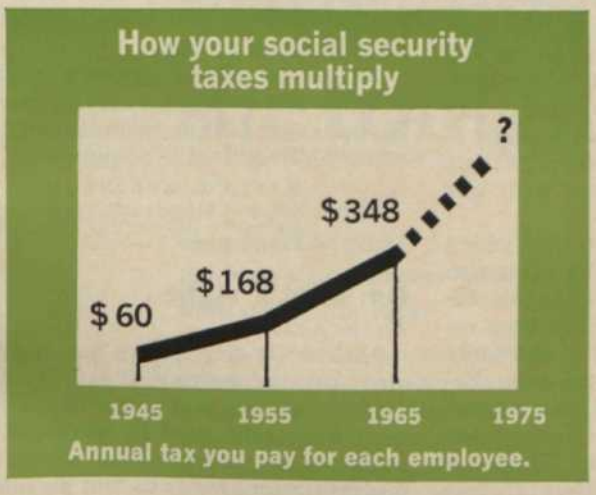
Note: Compulsory health tax starts next January.

Benefits will be paid beginning in July—four months before congressional elections.

Historic note: First social security check went in mail in January 1940.

Benefits now go out at rate of more than $1.4 billion a month.

As to what the future holds, take a look at this: Let's say you have an employee retiring this year who came under social security program at very beginning and paid maximum taxes each year. You've paid some $4,212 in taxes on his employment, including his contribution.



Now suppose you hire his son. At age 21 now, he starts earning $3,000 a year, salary reasonably expected to go up $500 per year until he's paying taxes on new maximum taxable base of $6,600.

When he retires at age 65, you'll have paid Uncle Sam more than $31,002.60 in social security taxes, including his contribution.

Fact is, you'll pay a lot more, as additional tax increases are voted by Congress in years ahead.

That's the pattern Congress has cut.

To recap: That's $4,212 for the father, at least $30,000—probably a lot more—for the son.

Small companies speed drive to win more foreign customers for U. S. goods.

Picture developing is this:

Total of 110 companies take part in one overseas commercial exhibit of American products.

Of that number, 79 are classified in small business category.

Moreover, half the 110 firms never sold anything in foreign markets before.

Why so much new interest in boosting foreign sales?

Many companies find it's lush market for their products.

There were 14 commercial shows at trade fairs around the world last year. Off-the-floor sales amount to $3.2 million.

Subsequent sales run total up to more than $42 million, according to Secretary of Commerce John T. Connor.

That's small compared with total U. S. exports. But it's large item on books of many small companies getting feet wet in foreign trade for first time.



Free updated fact book gives vital data on plant-site location

Scores of industrialists have found the facts they need about plant sites and markets in this 44-page book. In what U.S. area is population density growing fastest? Where is the best market for industrial products and consumer goods? Where is America's largest supply of skilled workers? What manufacturing location is best for serving American, Canadian and overseas markets?

The book analyzes and compares various markets. And it reveals the identity of "The World's Richest Market"—the 45,000,000-population area that surrounds the part of industrial Upstate New York served by Niagara Mohawk, one of the world's largest electric and gas utilities.

This fact book, compiled by *independent* sources, gives projections to 1975 of growth in population, income and manufacturing needs for all sections of the U.S.A. You will read why "The World's Richest Market," with greater population density and personal income, offers more profit per square mile than any other area.

Niagara Mohawk operates a complete department to help you find the best plant site in Upstate New York. It is staffed with experts who dig out the facts you need on all the considerations in plant location.

If you are a businessman and wish a copy of "The World's Richest Market," write on your letterhead to: Richard F. Torrey, Director of Area Development, Niagara Mohawk Power Corporation, Dept. NB-9, 300 Erie Blvd. West, Syracuse, N.Y. 13202.

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POWER CORPORATION

Business opinion:

Needed: War against welfare abuses

To the Editor:

It is good to know that at least one public official (Sen. Robert C. Byrd of West Virginia) has the intestinal fortitude to speak out against the scandalous cheating being done by persons on our public welfare rolls.

What a pity your article ["Can Subsidies Solve America's Problems? A Senator's Answer," August] couldn't be published on the front page of every newspaper in the United States. Every taxpayer who, like myself, is working for a living, should have the pleasure of reading it.

Let us hope Senator Byrd's efforts and the results being obtained will be contagious, and will spread to other parts of the country. The deplorable situation existing in Washington is surely not confined to that city.

JOHN C. WALLACE
Atlanta

Taxes and prosperity

To the Editor:

The article, "You Are Paying Too Many Taxes" [June], is most interesting. It is high time we tried to correct many of our tax abuses, since they work a hardship on many organizations and if not corrected will in time reduce our industrial might.

Certainly taxes are necessary and every state should have the right to tax the people and industry in their state, unless it conflicts with our over-all prosperity.

I have just returned from a year's study of the European Common Market. As you know, duties between these countries have been reduced and it is planned to eliminate them altogether at a later date. Because of this, there has been a great increase in trade between these countries. The Common Market is only a copy of our system of free enterprise between the states which has made us the greatest industrial country of all time.

Shall we now accept the impoverishing system of Europe which has been so costly to them by permitting each state to create a barrier and collect a duty on goods shipped into the different states? Of course, the word tax is a more acceptable term; but actually, the word duty fits the case more accurately.

The path we seem to be on is leading away from a free enterprise system to one of restriction and regimentation. I hope your article will awaken some of our lawmakers in every state.

W. R. CALLAWAY
Hackensack, N.J.

Labor's future

To the Editor:

. . . great pleasure in reading it ["Labor's Next Decade," July].

JOHN L. LEWIS
President emeritus
United Mine Workers
Washington

Businessmen in government

To the Editor:

As an industrial research scientist temporarily involved with the federal bureaucracy, I enjoyed reading the interview with John Macy ["How LBJ Picks His Men," July]. It is particularly pleasing to read a business magazine which prints statements that indicate that the business of managing effectively a nation's government takes talented, hard-working people.

I hope the article succeeds in attracting to government service more businessmen with a commitment to what the President is doing.

DAVID Z. ROBINSON
Office of Science and Technology
Executive Office of the President
Washington

Do what's right

To the Editor:

NATION'S BUSINESS has evaluated ways of getting ahead in the field of business and public life. The most important need to correct the faults of big business and governmental procedures is to find personnel who are willing to set an example as to what is right according to the policy of a company or governmental laws.

The principle of being right according to rules and regulations must be stressed in order to produce



...but what if your key man should die tonight?

New York Life plan can help your company recover from such a vital loss

Is your company's operation highly dependent on the services of a key man? Although you can't prevent the crisis that would be caused by his sudden death, you can prepare your business to cope financially with this distressing situation.

How? By insuring your key man *now* with New York Life. We offer business life insurance plans that can provide funds with tax advantages when you most need them—funds needed to survive a profit decline, or to help you find and train a replacement.

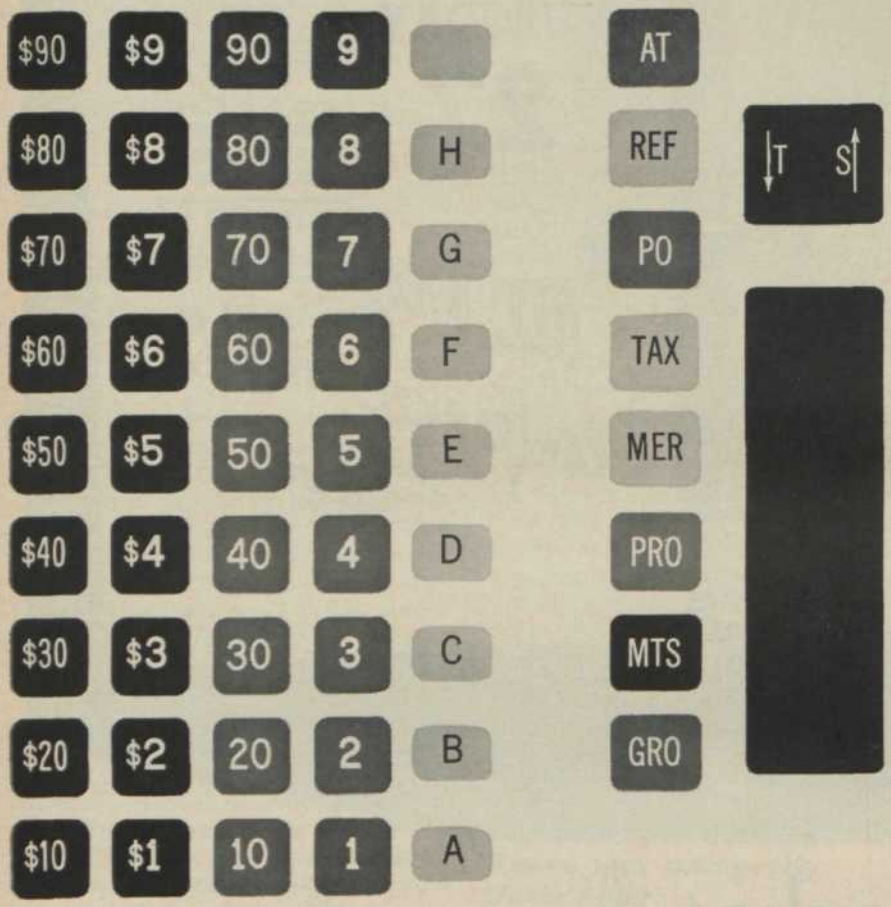
Such a plan, individually tailored to your needs, serves equally well if your key man lives to retire. The cash values accumulated in the policy can be assigned to his retirement income, thus tying him closer to your company through his active years.

Let your New York Life Agent show you why Key Man Insurance is a sound business investment. Call him or send for our booklet: "Keymen in Your Business: What Are They Worth?" Write: New York Life Insurance Company, Dept. NB-23, 51 Madison Avenue, New York, N.Y. 10010. (In Canada: 443 University Avenue, Toronto 2, Ontario.)

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Company_____

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Business opinion:

a better executive. Diplomas and certificates of merit have no bearing on one's ability unless he can serve as an example by performing a duty that is a must for the betterment of business procedures.

ALBERT F. GROSS
Maplewood, N.J.

Good riddance

To the Editor:

Your article on the Delaware Legislature ["State House Shuffle," June] is one of the most inaccurate, prejudiced bits of reporting that I have observed in some time.

My essential philosophy of state government is this: We must be a responsible government that meets the human needs in our state. You see, the growth of federal government has come about because of conservatives and incompetents in state government. This take-over of local responsibility is not taken away; it is lost through the state's neglect of serious problems.

The main thrust of your article is designed to undermine the one-man-one-vote concept. Business really will benefit more when the populous areas are adequately represented. After all, this means more representation for the valid business interest of the country.

The time has come to face state problems realistically and responsibly. The days of rural domination are over and good riddance.

MELVIN A. SLAWIK
Member, Delaware Legislature
Wilmington, Del.

Getting across better

To the Editor:

"Are You Getting Across to Employees?" [July] is an interesting and practical addition to material on company policy development. May I add one thought?

Written policy will be better understood if the following step is provided in the policy-development procedure: Bring those managers to whom the policy is most pertinent into the picture before the policy draft gets approval of the company's chief executive or board.

If those managers have had a hand in its development, they'll understand the policy better and be more willing to see that it is carried out. Further, the answers to all possible questions that might arise at lower management levels will be included in the final approved policy.

MRS. FLORENCE W. CANNON
Policy editor
Dole Co.
Honolulu

Who's on first? Mr. Bruning, that's who!



Recently, in these three major-league towns, a total of 280 of our competitor's office copiers were turned in for Bruning dry copiers.



During the same period (to tell the whole story) 30 Bruning dry copiers were turned in for other makes.

280 to 30. How about that?

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Can we help you?
To help manufacturers collect and evaluate information on new plant sites and expansion, the New York State Department of Commerce maintains a technical staff of over 100 engineers, economists, lawyers and experts in marketing, taxes, transportation, financing, utilities, real estate and labor, many of them former business executives.

To maintain the secrecy so essential in plant-site investigation, your request is opened only by a top staff member. He assigns your project a code number, and this is the way it is known by the people who work on it.

Write today for further information. Or, if you wish, have your banker or broker contact us on your behalf. We are happy to work with responsible third parties. Address Commissioner Keith McHugh, Rm 147, 112 State St., Albany, New York 12207.

DISCOVER THE NEW IN NEW YORK STATE

Executive Trends

- How to get more from a bonus
- A goal for retirement-minded
- What youngsters think of business

In the wind is a significant shift in the timing of bonus pay, says the Edward N. Hay consulting firm.

Traditionally, firms award bonuses annually, usually at the end of the fiscal year or at Christmas. But now some companies are starting to make more than one payout a year. Their aim: To close the time gap between performance and reward.

The new method has the psychological advantage of giving a hard-working man or woman tangible reward at the time they are most aware of the extra effort they expended to earn it.

One large grocery chain has been making extra-incentive payments on a monthly basis. "The results have been outstanding," says Hay general partner Charles W. G. Van Horn.

• • •

Ever thought of service work after you retire?

It can be satisfying indeed, asserts ex-du Pont executive Howell D. Chickering of Wilmington, Del.

Mr. Chickering took early retirement this year and now heads an organization offering free management advice to small companies which can't afford to hire professional consultants.

But, he says, the retired or semi-retired man contemplating service work should be able to answer "Yes" to both of these questions:

1. Do you really like to work with a variety of people?

2. Do you feel strongly that you want to put your know-how to work after you leave your own formal career?

In Mr. Chickering's case the answer to both questions was an unqualified "Yes." Still young—53—he joined other Delaware businessmen in setting up a chapter of the Small Business Administration-sponsored Service Corps of Retired Executives (S.C.O.R.E.).

The chapter already has 10 "counselors" who, on invitation, help small retailers and other businessmen in their area untangle their problems.

"We find that this kind of activity keeps us sharp, gives us the reward of helping people and contributes to the well-being of our local economy," Mr. Chickering explains.

The Delaware State Chamber of Commerce, recognizing the economic value of the program, has made free office space available to the volunteers.

Mr. Chickering recommends your local chamber of commerce as an exceptional outlet for the constructive energies and talents of retired —as well as active—businessmen. "This is particularly true," he says, "at a time when so many cities and towns are revitalizing their aging downtown business districts."

• • •

The Service Corps of Retired Executives has received enthusiastic welcome since it started last fall.

"We've had hundreds of letters from small business people who say that the voluntary advice of retired executives has literally helped them save their businesses," declares

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USS Cyclone Fence

EXECUTIVE TRENDS

continued

S. B. A. Administrator Eugene P. Foley.

Progress count: At last check, 58 S. C. O. R. E. chapters had been established throughout the nation; 2,700 retired businessmen were enrolled in these chapters and, according to SBA, more than 4,000 small firms had been assisted by the volunteers.

• • •

"Business to me means money. And stores. And corporations and executives and commerce. It's sort of—well, reactionary. You know, conservative. Babbittry. I define Babbittry as being more concerned with making money than with producing a creative objective or being concerned with the world's general welfare."

This is one of a number of random comments by young Americans whose attitudes toward business were studied recently in Boston, Chicago and Los Angeles.

The study was conducted by the advertising firm of Young & Rubicam, Inc., whose president, Edward L. Bond, Jr., says he and his associates wanted to get at the "core culture" of young people, particularly those in the white-collar middle class.

Most young people interviewed felt business and businessmen are concerned with the welfare of people, but that this attitude was tempered by "the expressed belief that concern for the public exists because it serves the businessman's selfish interests." Yet, Mr. Bond adds, young Americans seem to feel that the businessman's self-interest motivations can be trusted. Other conclusions: Young white-collar people are definitely "consumption-oriented"; they are skeptical of big government tinkering with business; they "overwhelmingly" endorse the practice of producing a variety of brands in a variety of packages and sizes and prices; they look favorably upon labor unions, but unfavorably upon many union leaders.

• • •

Having too much employee turnover?

A study by Don Wright, a New York recruiter, shows that many firms hire people and lose their services three, four or five years later only because of sloppy procedures when they were first considered for jobs.

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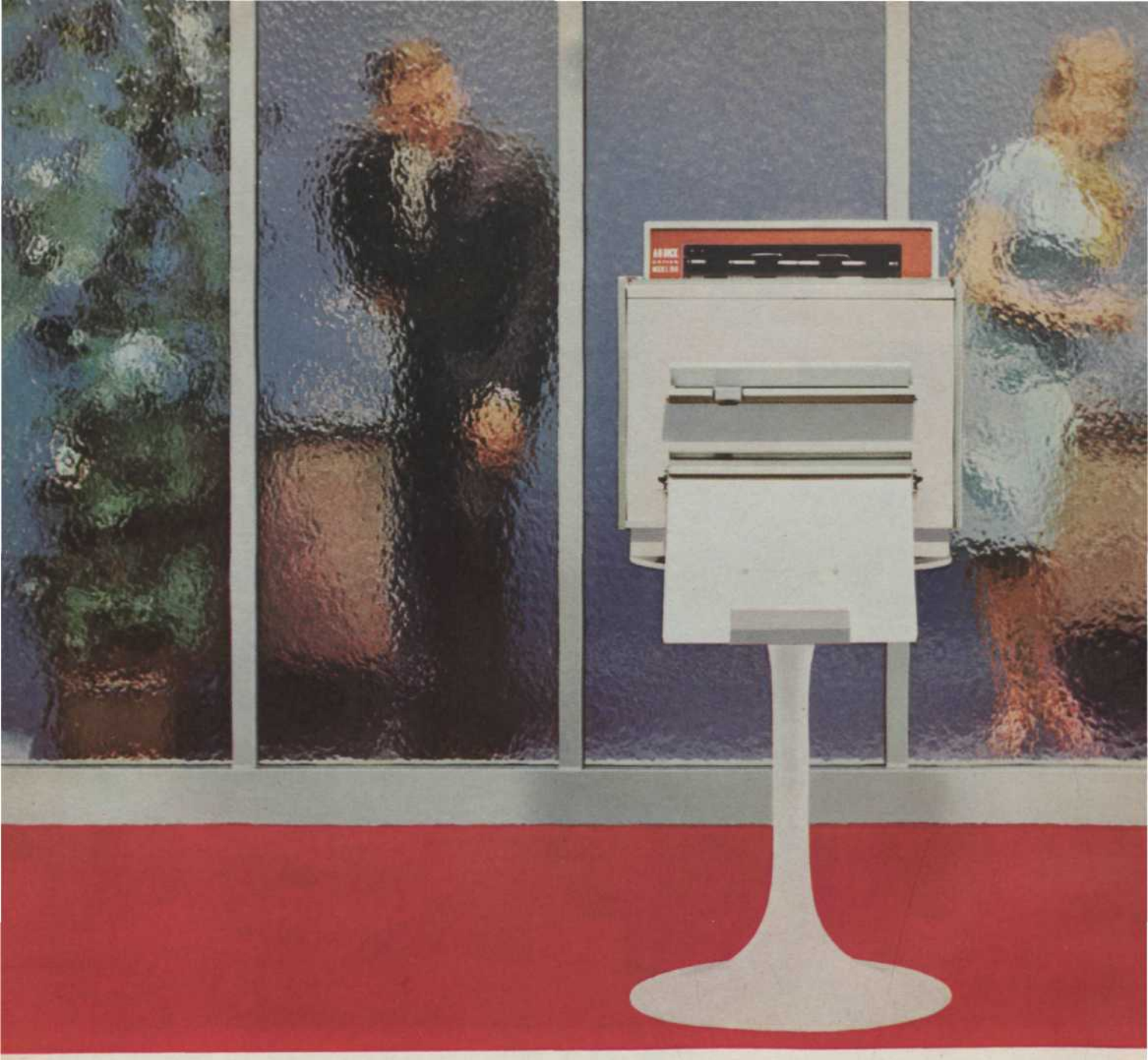
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Mr. Wright asserts, is to interview a prospective employee carefully enough to determine whether he—or she—really has the specific capabilities the job will demand. Often, he says, people applying for work will reach "too high" in selling themselves, with the result that they can't deliver once they get on the payroll.

"Another not uncommon pitfall is for an employer to put someone on the payroll because he's attracted by the individual's personality."

An employee who leaves you not long after you have hired him can mean a sizable loss in money invested in training, program development, building a line of succession, Mr. Wright cautions.

When you interview, be sure you watch out for people who have jumped around a lot. If they have, find out why. Sometimes they have valid reasons, sometimes not. Beware, too, of hiring people with "job indigestion"—the chronic malcontents who aren't happy wherever they work.

• • •

Labeling is important everywhere.

Kermit Hanson, dean of the University of Washington's new Graduate School of Business Administration, tells NATION'S BUSINESS: "We find that people associate excellence with schools that have 'graduate' in their name."

At the end of World War II only three business schools could claim this important adjective—Harvard, Stanford and Chicago. Now 20-odd schools have added "graduate," Dean Hanson points out.

Another note from the B-school front: Deans foresee more doctoral graduates in business going into teaching to fill growing campus needs. But industry will seek more Ph.D.-holders, too, to handle increasing corporate demands for technical research.

• • •

New study finds good executives are in seriously short supply not only in United States but in most parts of the world.

Study was made by National Industrial Conference Board. It turned up various reasons for the shortages.

The scarcity of men in most-productive age brackets accounts in part for undersupply in the United States.



Kay-Sherman Luggage Corp. (address on request)

Why Kay-Sherman Luggage uses a postage meter to mail 15 letters and invoices a day—

Jerry Kay who owns the Kay-Sherman Luggage Co. is a cynical New Yorker who complains about almost everything. "You have to complain to get action," he says. "But I've never had to complain about our postage meter. It's a dependable machine, and your serviceman keeps it in tiptop condition. Our daily mail isn't much, about fifteen letters and invoices a day. And the DM makes our twice-a-year mailings awfully easy to handle."

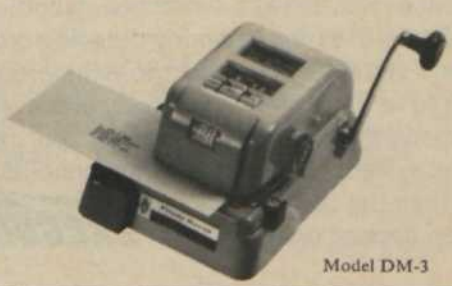


Thousands of successful small businesses have found that a postage meter makes mail easy to handle—even if they don't have much mail! No pre-stamped envelopes to be stashed away. No running out of stamps and last minute trips to the postoffice. No sealing envelopes by hand.

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Model DM-3

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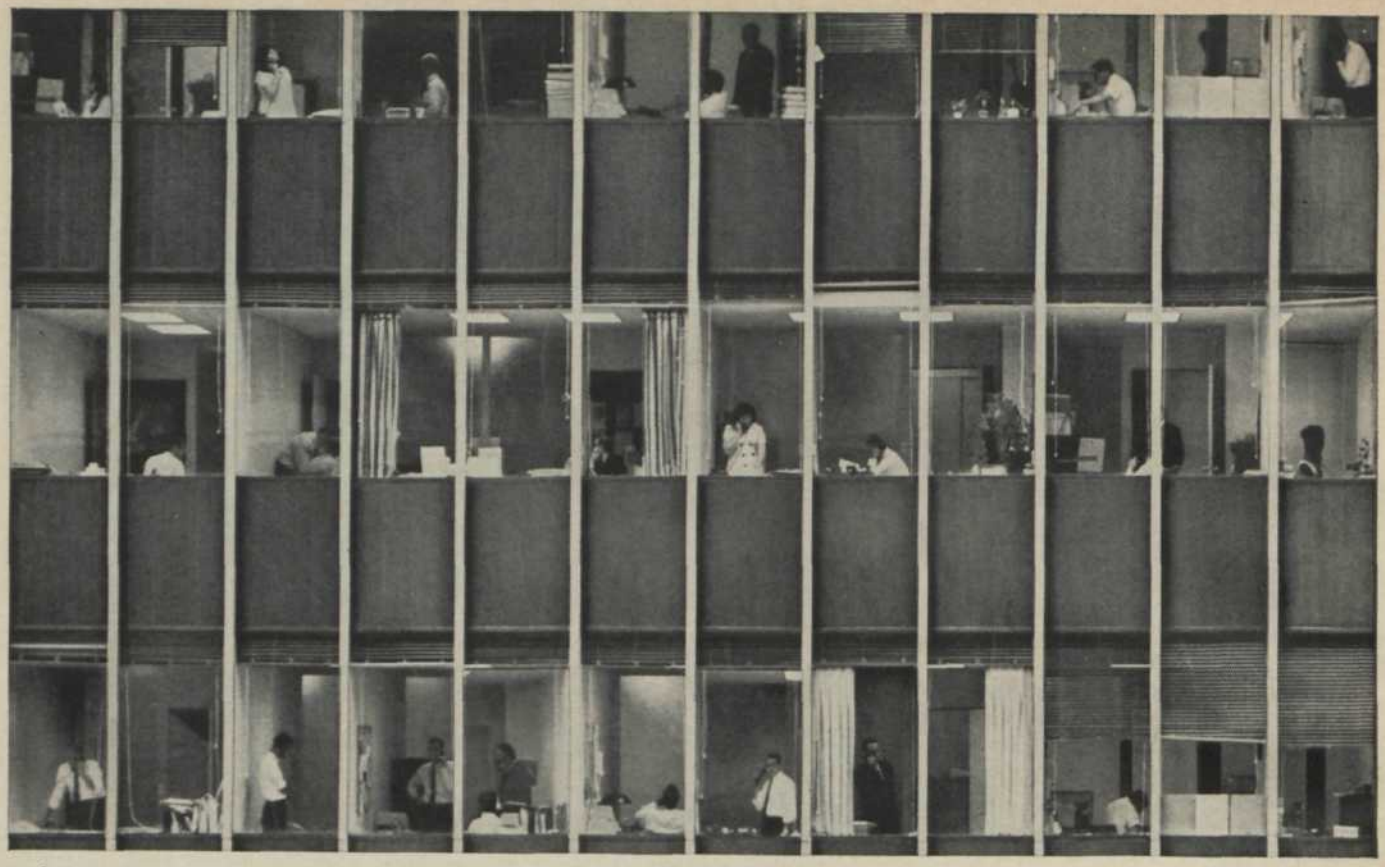
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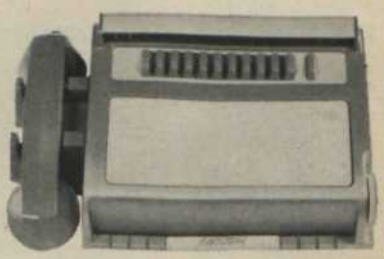


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A pause would be refreshing

BY PETER LISAGOR

IF YOU HAVE ANY FRESH IDEAS for improving the "quality of our lives," write them down, address them to "1600 Pennsylvania Avenue, Washington, D.C.," and run, don't walk, to the nearest post office. To keep in the spirit of things, don't forget the ZIP code, 20501; getting the mail delivered promptly is important, at least, to the quality of our temper and blood pressure.

The above entreaty is not intended to be facetious. You might be slightly amused by the techniques for mining ideas and suggestions in the White House, but President Johnson and his advisers are dead serious. Spokesmen for the Administration, in their unabashed appeals to the intellectual community and business and labor and civic groups, have stated with startling candor that they have depleted their own inventory of programs and are not sure where they are going in the immediate future.

They suggest that the planners of the Great Society have run out of gas. Their eagerness for new proposals is passionate, almost desperate, and it matters little whence the answers to the problems come. If you've been branded the neighborhood nut because you advocate legalized arson, say, as the swiftest method for dealing with the city slums or because you invented an infernal device for discouraging the teen-age Barney Oldfields who barrel their hot rods through the residential areas, don't despair—the Administration will lend you a willing ear. If your ideas are judged sound and usable, nobody will ask your pedigree.

What the Administration seems to be driving at is how to improve the physical, social and psychological environment of the citizens of an abundant society. In the words of Richard N. Goodwin, who has served as the chief resident wordsmith at the White House, the vision is one of cities where a man "can stretch his talents and enlarge his spirits," where he can, amid the glass and stone, find "the solace of nature." It also embraces an improved education system that doesn't "damage or destroy the imaginative spirit." The kids must be taught to understand their world, Mr. Goodwin contends, and if the schools don't "stretch their abilities and stimulate their creativity," then the education system founders. This thought was developed at the recent White House Conference on Education by Artist Ben Shahn, who claimed that the children who suffer disadvantages in the public schools are those who can play musical instruments, paint and compose poetry but are backward in math. In the problem of educating the talented, Mr. Shahn urged the assembled educators to consider the proposition: "That the researches of Cezanne are as valid in human terms as the researches of Dr. Einstein."

WIDE WORLD



White House aide Richard N. Goodwin is looking for "fertile advance ground of thought" on nation's needs.

In practical terms, Mr. Goodwin talks about turning back the tide of pollution in the nation's streams and in the atmosphere, of civilizing the asphalt jungles of the large cities, of finding answers to the clutter and glut of our times. But at the heart of his analysis of why there exists such discontent and unhappiness is, in his words, "the fear of the individual that he has become meaningless in the great human enterprise."

The average guy just feels helpless and maybe a little irrelevant in the face of the encroaching ma-

Mr. Lisagor is the White House correspondent for the Chicago Daily News.

chines and the fact, as Mr. Goodwin again puts it, that "decisions of peace and war, life and death, are made by a handful of men beyond his reach."

In any event, the Administration is searching for new programs because, as Mr. Goodwin says, "we have cleared the boards of most of the old ideas—from medicare to education." And it is looking everywhere, presumably because, like Goodwin, others in government feel that the intellectual community has failed to come up with the "fertile advance ground of thought toward which government could move."

• • •

Not long ago, President Johnson entertained at the White House a group of business and labor leaders. Each was asked to reach into a box and draw a slip of paper on which was written the word "speaker" or "writer." Those who drew "speaker" were obliged to stand up and say whatever was on their minds, to criticize, float new ideas, deliver judgments. Those who drew the slips marked "writer" were asked to write letters, upon their return home, and to express their views in a similar fashion.

A short time later, the President invited the chairmen of some 15 task forces he appointed last year to devise Great Society projects to join him for dinner at the White House mess. He spoke of his great desire to look beyond the present limits of his program, and he encouraged them to think about the problems of the cities, the continuing Negro struggle for equality of opportunity, the esthetic need for improving the looks of things. He asked that they forget about politics; he would add the political ingredient, that is, decide what was politically feasible.

The critics of this zealous Administration quest for new fields to conquer argue, with considerable merit, that it might be wise to consolidate the gains of recent years, to pause and see how the antipoverty measures, medicare, the education acts, and all the rest work out in practice. So outspoken a liberal legislator as Illinois' Paul H. Douglas says the time is at hand for consolidation. American public opinion has only just now caught up with programs which have been pushed for 20 years, the Democratic senator adds, and it would not be a great social sacrifice if liberals took a breather. Mr. Goodwin counters this argument by insisting that the Administration is not talking about liberal legislation or seeking out only the liberal viewpoint. He says conservative approaches might well be best in certain areas, and he points to the "community action" aspects of the poverty program as an example of the conservative inclination toward local efforts. He also mentions the proposals to turn some of the revenues now collected by the federal government back to the states as another example of a decentralizing trend. These proposals, however, have not been acted upon by the Johnson Administration, although they are showing signs of revival.

To some students of government, an Administration that feels it has reached a plateau of achievement might well turn its attention inward, that is, to the incredibly complex and tangled problems of the bureaucracy. The one agency or department requiring major attention is the Health, Education, and Welfare Department, a collection of disparate, largely autonomous agencies that has become, in the judgment of the most knowledgeable experts, virtually unmanageable.

The lion's share of the Great Society's programs—school aid, poverty, social security, medicare, to name a few—has fallen within the province of HEW. A keen observer of the Department has noted that the Administration and Congress have loaded the Department with new burdens in the blithe manner of a careless truck driver who loads his vehicle without regard for the horsepower of its motor. The HEW Secretary has run an operation responsible for more than $30 billion in spending (second only to the Defense Department) with only one undersecretary and three assistant secretaries. While comparisons are odious, especially when they liken a government enterprise to a private business, it is instructive to point out that the Ford Motor Co., just under a $10 billion business, has a managerial hierarchy of a president, executive vice president, and 28 vice presidents.

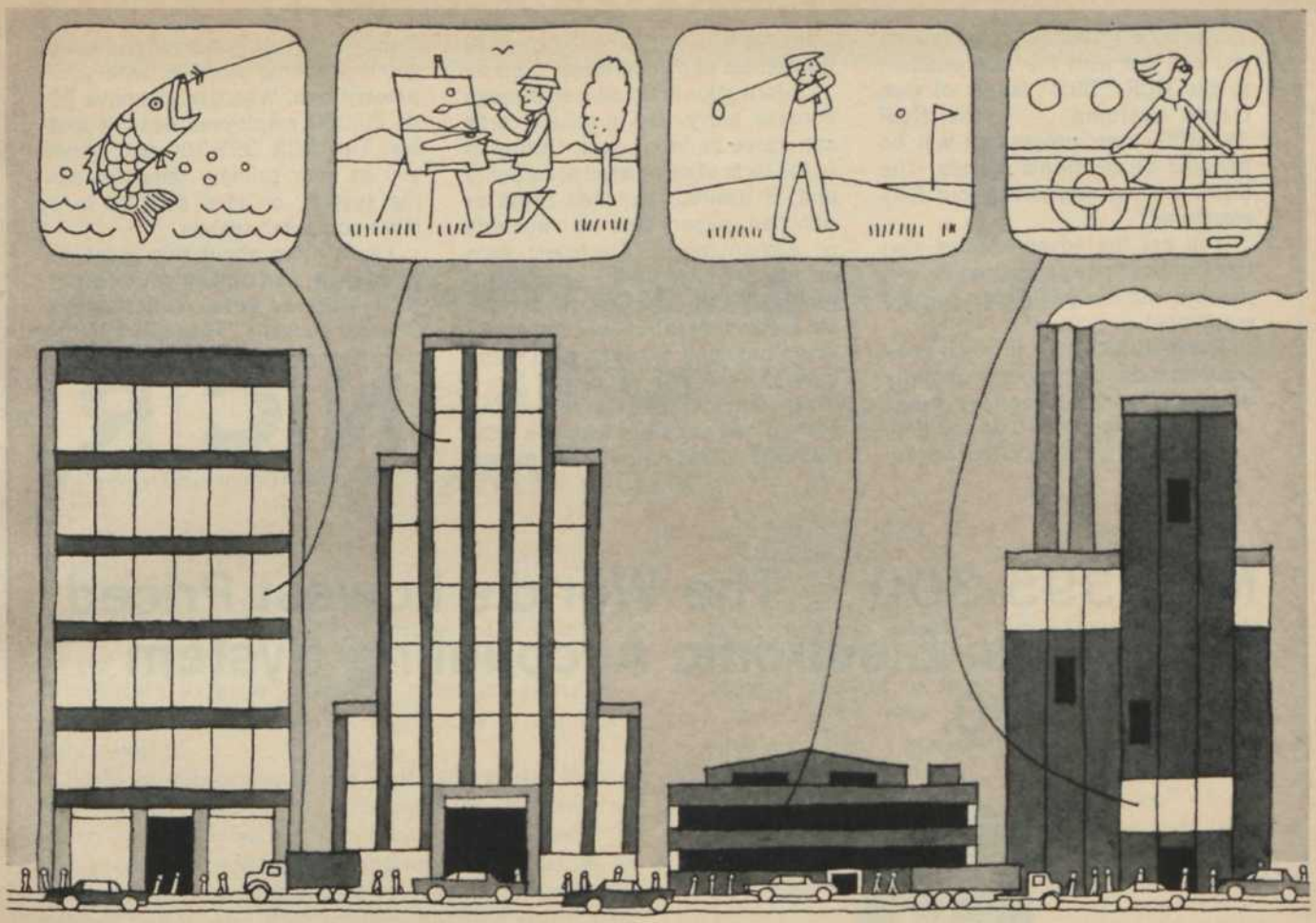
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Beyond its palpable lack of managerial talent, HEW is afflicted with other chronic problems. When it was created a dozen years ago, under the Eisenhower Administration, it fell heir to a group of agencies with a tradition of fierce independence, including the U. S. Public Health Service, the Food and Drug Administration, the Social Security Administration, Office of Education, Children's Bureau, and so on. They often dealt with Congress with the powerful self-assurance of a cabinet department, for they had a wide-ranging constituency, and they have not yielded easily to efforts to bring them under the hopelessly undermanned departmental structure.

When he was HEW Secretary, Abraham Ribicoff, now a U. S. senator from Connecticut, used to delight in telling the story of foreign leaders who came to see him. They hardly believed it possible to incorporate health, education and welfare into one organization, and told Ribicoff how in their countries, the three ministries for health, education and welfare were the largest and most powerful agencies of the government. The foreign visitors wondered how HEW could be managed effectively.

Politics may demand that the Administration appear always to be thrusting forward toward the clichés of promise that make political campaigns what they are.

But politics also requires a record of good administration of programs already on the books. And if a big department like HEW should become immobilized from sheer unwieldiness, if the welfare programs should get mired down in a swamp of red tape, if the antipoverty campaign should take on the taint of big-city corruption, it won't help the Administration to rush forward with haste, no matter how improved the "quality of our lives" may become. So the idea of a pause to consolidate may yet turn out to be the most appealing one to an Administration acutely attuned to the politics of any action it takes.



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Now being human is an art

BY FELIX MORLEY

IT IS NOW a recognized governmental function to convey astronauts to the moon. Therefore it is also appropriate to make taxpayers subsidize poets who are moved to rhapsodize on the beauty of our heavenly satellite.

Such, in substance, is the logic behind the legislation "to strengthen the arts and the humanities" which has occupied no small part of the energy of this protracted session of Congress. The hearings on the subject alone comprise two volumes of over 800 printed pages. And they contain startling reading for those who believe there should be some limitation on the expanding activities of the federal government.

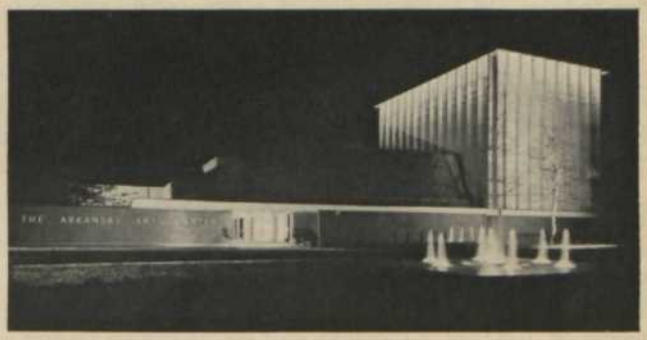
"Government," said President Johnson when the project was launched, "can seek to create conditions under which the arts can flourish: through recognition of achievements, through helping those who seek to enlarge creative understanding, through increasing the access of our people to the works of our artists, and through recognizing the arts as part of the pursuit of American greatness. That is the goal of this legislation."

• • •

In the little-publicized congressional hearings the "imbalance" between the poverty of the arts and the billions spent on space exploration is constantly emphasized. This is improper, said the Commissioner of Education, since "the federal responsibility to the arts and humanities is no different from our responsibility to the other components of our society." Studies in music and the fine arts, concluded Francis Keppel, are as essential as "those involved in the hardware of national defense." But no witness suggested that if Washington is to promote culture in a big way, there should be some offsetting economies in other welfare activities.

On the contrary, Roger L. Stevens, the President's Special Assistant on the Arts, predicted that as we move into the Great Society its demands on the Treasury will be continuously greater. "The ever increasing amount of leisure time available makes it a duty on the part of our government to have the tools available to stimulate the productive use of this new-found time."

Efforts to define "the productive use" of greater leisure in behalf of culture unfortunately got nowhere. It was agreed that a scientist on the government payroll works on an assigned project, fitting into a larger program already sketched by NASA, the Defense Department or other agency. No such schedule or supervision is wanted for the subsidized artist or humanist. He should be wholly free, in the words of one witness, to apply "sustaining balm" to all who are corrupted, either by affluence or the lack of it.



Federal aiders now press for culture subsidies even while hailing such projects as the striking Arkansas Arts Center, built with local funds. The Center has galleries, a theater, art classes, and an artmobile.

Sen. Claiborne Pell, of Rhode Island, has been throughout a chief sponsor of federal intervention "in the realm of ideas and of the spirit." During the hearings he observed that it is rather basic for the project to be able to define a humanist, asking President Barnaby C. Keeney of Brown University, who

Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.

is also chairman of an academic "Commission on the Humanities," to nail the term down.

"A humanist," replied Dr. Keeney promptly, "is a person who studies the activities of human beings, whether they be social, political, artistic, imaginative, religious; who tries to interpret them, and who tries to do so through methods other than quantitative."

The French playwright, Molière, invented a character who was surprised and delighted to be told that he spoke prose. Similarly, practically everybody, from golf caddy to cocktail gossip, should now be pleased to discover that he or she is a humanist, by Dr. Keeney's definition. None who studies the activities of others, which of necessity includes every parent, would seem to be excluded from the benefits of the foreshadowed Arts and Humanities Foundations.

The actual legislation defines the humanities, equally expansively, as including "but not limited to" the study of "language, literature, history and philosophy; the history, criticism and theory of the arts; the creative and the performing arts; and those aspects of the social sciences which have humanistic content and employ humanistic methods."

A partial catalog of the arts then fills seven lines, from creative writing through costume design to tape recording, including "the arts related to the presentation . . . of such major art forms."

• • •

It is noteworthy that this new and broad channel for federal aid is being dug at a time when cultural activities throughout the nation have independently reached an all-time high. The Department of Health, Education and Welfare itself reports that there are now over 1,400 symphony orchestras throughout the country, as compared with 100 in 1920.

The same period has seen an increase in the number of public museums from 1,000 to 3,500. Repertory theaters have mounted in like proportion. None can even estimate the current mushrooming of art classes, bird-watching, folk dancing, garden clubs, historical societies, literary gatherings and Great Books groups. Poor indeed is the community which cannot count at least two or three of these activities.

Nor is there any dearth of organized support for artistic undertakings. More than half the States now have official councils or commissions with mandates to assist and coordinate the cultural mass movement. A few of these, such as the New York State Council on the Arts, have seemingly done outstanding work. During the past five years over $500,000 per annum has been spent by this agency in stimulating local cultural activities. It reports that "community after community which previously had revealed little or no interest in the arts now boasts of festivals, centers and exhibitions sponsored by the chamber of commerce or other local groups."

The expansion of art courses in the universities and colleges, public and private, is no less pronounced. Through extension programs these activities are now carried through the length and breadth of many States. Thus the University of Wisconsin has for years maintained an "artist in residence" who rides circuit among the dairy farmers. The University of Michigan now supports a professional theater program available for performances in the State.

With all this admirable local development it is difficult to see why Washington should feel it necessary to give centralized direction to the spontaneous upsurge. Yet such direction is the obvious intent of the projected National Arts and Humanities Foundations. Their endowments, of course relatively small at the outset, would be expended under the direction of a board appointed by the President and their stated purpose is "to develop and promote a broadly conceived national policy of support for the humanities and the arts in the United States." A national policy means, in the long run, centralized control.

The case for bureaucratic direction, as presented by proponents of this legislation, is that it would "promote extension and improvement of education in the arts and humanities at all levels." To sustain this assumption the Office of Education lists a dozen projects which it has entirely or largely financed during the past year. The following are samples of these trial runs, to be expanded under the proposed foundations: In California: "A Longitudinal Study of Expressive Behavior in the Arts." In Indiana: "The Development and Validation of a Descriptive Scale for the Measurement of Art Products." In Pennsylvania: "Verbal Interaction Between Students and Teachers During the Evaluation of Works of Art."

One thinks of Whistler or Winslow Homer, of Melville and Whitman, of Poe and Thoreau, even of Helen Hayes or Julie Andrews. How would their genius have been aided by subjection to pompous gobbledegook like the above?

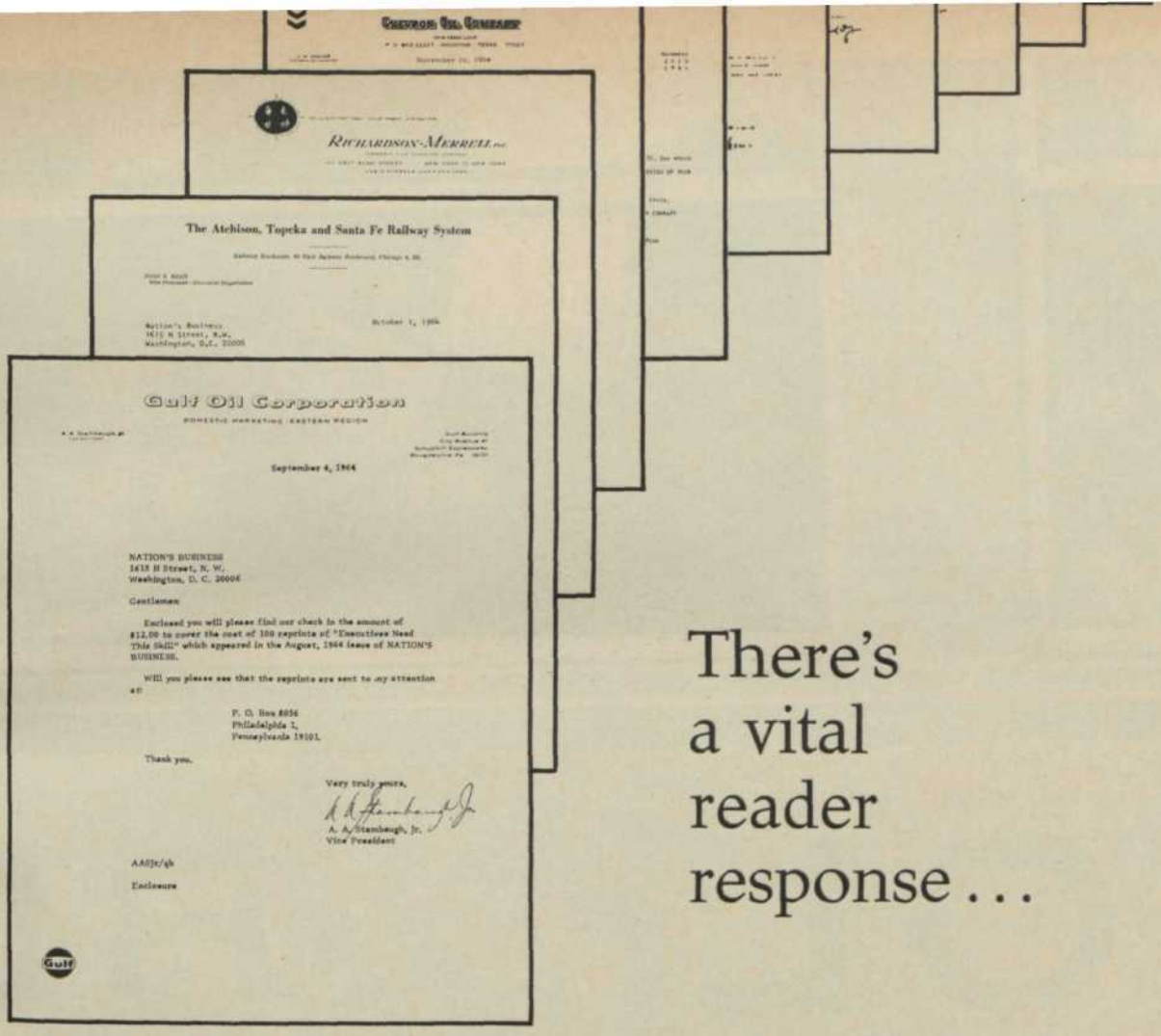
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With unconscious irony Senator Pell, in pushing this project, quoted from a poem by Paul Engle as "especially propitious." Speaking of the United States, Engle wrote: "We build it out ourselves . . . blazing the trees for those who are the generations after us."

Instead of building it out ourselves, the diversified culture of our cosmopolitan people would surely be repressed and stereotyped by the inevitably political direction of the proposed national foundations. Free enterprise in art, as in commerce, loses vitality when political controls take over. As one witness told the committee hearings: "The bills before you offer no protection against the inept, the casual, the banal, the ugly or the superficial." He might have added that the project could all too easily serve to promote those characteristics.

"Hold no program sacred," commanded President Johnson, even as the legislation for these extraordinary governmental foundations moved closer to his desk for signature. "No program," he told administrators summoned to the White House for an economy lecture, "should be free of a cold and searching examination."

Perhaps, as clouds gathered, the President had second thoughts about the National Arts and Humanities Foundations.



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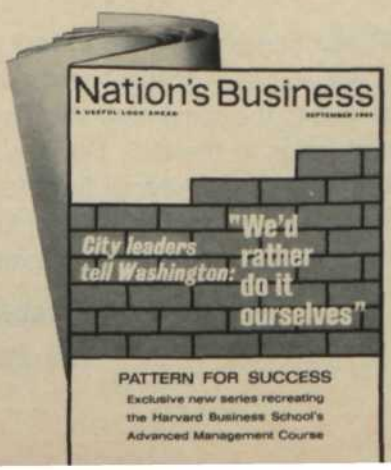
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INTERNATIONAL HARVESTER

WHO RUNS THE LABOR BOARD

Employers feel that this federal agency favors unions instead of being impartial

BUSINESSMEN are becoming convinced that the cards are stacked against them when they go before the National Labor Relations Board, the federal agency charged with protecting the rights of employers, of unions and of individual workers.

And with good reason. Growing union and other liberal influence on the agency and shifts in board policies in favor of unions began in the Kennedy Administration and continue at an alarming rate today. This was found in a survey by NATION'S BUSINESS.

The problem employers face was pinpointed in dozens of lengthy interviews with experts in labor law.

Says Theodore I. Iserman, a New York labor-management attorney: "Many union lawyers make no bones that they have the inside track with the Labor Board as now constituted, and even boast of it. Scores of the Board's decisions fully justify this view."

A member of the labor law section of the American Bar Association, Mr. Iserman is the author of two books on basic labor law.

Frank A. O'Connell, director of labor relations of Olin Mathieson Chemical Corp., says the Board "conceives its mission to be not merely to protect the right to organize, as the law says, but actively to promote unionization.

"I don't believe the board members are consciously guilty of bias. The problem is not that simple. The problem is one of a philosophy which because it is sincerely (however mistakenly) espoused, is far more pervasive and dangerous than prejudice on the part of any individuals."

Sen. Paul J. Fannin of Arizona, a member of the Senate Labor Committee, accuses the Board of emasculating the Taft-Hartley law and undermining the rights of employees, employers and the general public. By abandoning precedents and overturning previous decisions,

WHO RUNS THE LABOR BOARD *continued*



PHOTOS: RICHARD E. BRAATEN

Sen. Paul J. Fannin, a member of the Senate Labor Committee, is of the opinion that the Labor Board is reverting to earlier role of crusader for big unions.

he says, the Board is legislating rather than applying the law as intended by Congress.

"It is my opinion, and that of many others," he told NATION'S BUSINESS, "that the Board is reverting to the role it played during its early days—that of crusader for union officials."

The senator cites specific examples which he says illustrate "this disquieting trend":

1. The Board has liberalized picketing restrictions so as to permit it at the premises of a neutral employer.

2. It has legalized picketing of a neutral secondary employer with signs asking the public not to buy goods made by the primary employer against whom the union may have a grievance.

3. The Board now permits a union which has lost a representation election to charge an employer with refusing to bargain.

4. The Board requires an employer to bargain with a union before deciding whether to close an unprofitable department.

5. Congress has outlawed hot-cargo contracts. But the Board has circumvented this by permitting a work-standard clause under which a union may forbid an employer to do business with others whose work standards are not up to his.

6. An employer who moved his business from New York to Miami was required by the Board to bargain at the new location with the union he had in New York even though the union was unable to show that the Miami employees wanted a union.

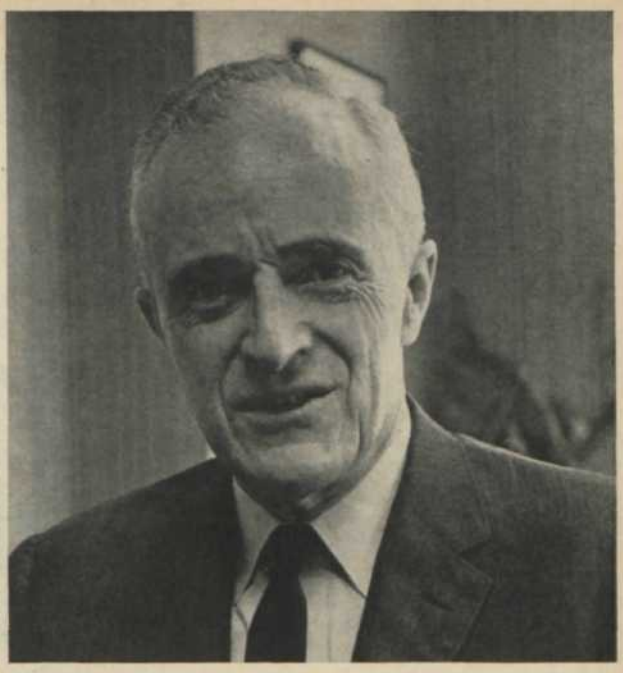
"These and many other rulings," the senator asserts, "are cause for legitimate concern over how well the Board is performing its functions."

The Board has swung over so far in favor of big unions that the handling of unfair labor practice charges should be taken away from it and turned over to the federal district courts, in the opinion of the co-authors of the 1959 labor reform law—Rep. Phil M. Landrum, Georgia Democrat, and Rep. Robert P. Griffin, Michigan Republican. Un-

der their plan the Board would be limited to the handling of union representation questions.

NLRB decisions on secondary boycotts, blackmail picketing, free speech and other important areas have carved wide loopholes in the law in favor of unions and ignored the intent of Congress, according to Representative Landrum.

He says: "The Board has produced a series of decisions which, in their total impact, pose a serious threat to the free enterprise system itself as well as to the institution of collective bargaining."



Frank McCulloch, who is chairman of Board, has labor-liberal background. His critics say this contributes to the Board's prounion stand on most policy rulings.

Climate favors unions

Many employers dealing with the NLRB feel that a prounion climate, reminiscent of the Wagner Act days when the Board was widely believed to be prejudiced against employers, pervades the agency from the staff on up through the trial examiners, to the five-man Board and even beyond—to the White House.

Although the Board has equal responsibility to labor, management and individual workers, the White House feels that major appointments, surely those to the Board itself, must have AFL-CIO approval.

George Meany, president of the labor federation, has been given a virtual veto power. His opposition blocked the reappointment to a third five-year term last December of Boyd Leedom, former presiding judge of the Supreme Court of South Dakota, who had been chairman of the Board until deposed by the Kennedy Administration in 1961.

The AFL-CIO wanted someone more friendly to the union's view than Judge Leedom and suggested names of possible replacements to the White House.

Before appointing Sam Zagoria, former newspaperman and president of the Washington Newspaper Guild, the President asked for the views of Mr. Meany and some management spokesmen. Labor's top leader considered Mr. Zagoria, who was administrative assistant to Sen. Clifford P. Case, liberal New Jersey Republican, acceptable. Manage-

(continued on page 90)



Bernard Dunau used to be in charge of enforcing the Board's rulings. As a private lawyer he specializes in helping unions win their cases before Board or courts.



Mozart Ratner handles important union cases. Ten years ago he criticized the Board. Today with new members it has come around to his position favoring labor.

HOW BUSINESS KEEPS PRICES DOWN

PRICES once again are becoming the subject of political debate. Washington officialdom is quick to frown on any price increase although mounting wage and other costs often go unnoticed.

A look at the record (see opposite page) reveals, however, that business has been remarkably successful over the past few years in absorbing steadily rising costs.

Prices, as measured by the government's consumer's price index, have gone up about 1.3 per cent a year since 1958. Wages, by contrast, have been going up about 4 per cent a year.

How has business been able to hold the reins on prices?

How can you hold your prices down?

Cost-oriented price control

Significantly, executives who are managing to keep prices stable are those most insistent in their efforts to stimulate continuing cost-consciousness on all levels and in all departments of the company.

One definite need, according to John W. Hannon, executive vice president of Maynard Research Council, Inc., is for the manager to leave the executive suite from time to time to examine his firm's operation from a profit-planning standpoint.

To revise product prices without first making a detailed study of the underlying factors that go into their makeup is like trying to control the growth of weeds without taking their roots into consideration.

"Too few executive fingers are fixed on the real pulse of their organizations," contends Mr. Hannon. "In a large number of firms books are kept primarily for Uncle Sam. The focus is on taxes and accounting, instead of costs."

Unhappily, shrinking profit margins are causing an increasing number of worries. "Hold the price level?" asks the president of a semiconductor concern. "You can bet we're holding it. And if we continue to do so it may put us out of business."

For this firm and many others the solution lies in improved productivity and cost performance.

"A new focus must be aimed at the line operations of the business," suggests Mr. Hannon, "and at the people who put systems and procedures into effect. This means a hard look at overtime, absenteeism, scrap production, duplication of effort and a reduction of waste and time abuses in the office and plant. These are the determining factors behind noncompetitive selling prices. Too many managers fail to evaluate them."

The consultant cites one large firm that recently ordered a computer to accumulate historical data for future use. "This company is a bandwagon-hopper," says Mr. Hannon. "The computer was ordered and programed merely because it was the thing to do. The idea of using the machine as a powerful tool to help control costs never entered the minds of management."

Pay dirt being hit

One organization using computers and every other tool at its disposal to keep down prices and costs is E. I. du Pont de Nemours & Co. It has managed to keep prices stable, and even lower them, in many areas over a long period. Yet, says a spokesman, "When it comes to holding the price line our executives have not been too happy."

This is a healthy sign. No management should be satisfied with its price structure. When complacency sets in competitive share-of-the-market inroads are generally not far behind. Aware of this, du Pont's policy is to draw everyone into the cost-reduction effort.

Savings in all areas, with employees at all levels participating, are the key to effective cost-reduction and competitive pricing.

Where gains are made it is interesting to note they are rarely the result of hit-or-miss tactics or sporadic cost-cutting drives. "We are organized throughout the company to develop new, better and less costly ways of doing our jobs," affirms a Procter & Gamble executive. "This is a continuing effort with us, and it has helped keep our prices low. Prices for soaps and synthetic and edible fats and

oils—which make up the bulk of our business—have not, on the average, increased since the 1947-49 period."

Most often, where effective economies are put into effect, they are the outgrowth of careful planning, followed by the organization of forceful and continuing profit-improvement programs.

"It's essential to sell cost cutting to all supervisors and through them to rank-and-filers as a way of life," declares the chairman of a toy company. "This takes more than talk. In our company promotions, raises and bonuses are predicated largely on the individual's profit program participation."

It is especially important, Mr. Hannon notes, to relate dollars of expense to their equivalent value in sales and profits. A sales manager, for example, is expected to have strong sales orientation. But, the consultant stresses, he must be cost-conscious as well. Mr. Hannon recalls one top-producing supervisor who was recruited from the field to direct sales. This man, whose selling skills were unsurpassed in the company, couldn't see giving up certain key accounts. That was two years ago. He still spends a third of his time in the field instead of managing and sales costs continue to soar.

"Profit-awareness is to competitive pricing what a voltage regulator is to the power system of an automobile," Mr. Hannon says. "It is still a sad fact of business life that executives must conduct crusades to sell employees on the need for profits. The point must be made, repeated and stressed, that a fair return on investment is the goal, not the shame, of our free enterprise system."

Says an oil company board chairman: "Continued profit awareness should be instilled in every employee from the boy who runs errands to the man who runs the plant. And the effectiveness of this transfusion should be regularly tested by evaluating individual and departmental contributions to the profit program."

Mr. Hannon cites a food processing firm that was particularly sensitive to this need. In this company's purchasing department profit-awareness took the form of a constant search for improved sources of supply, and vendor skills which could be used in behalf of the firm. It also created an alertness to design-change opportunities.

One day, for example, the purchasing agent had an idea. He felt a design change calling for an anodized beveled flange at the base of a white can would solve an expensive painting problem and cut down on processing costs. But the marketing director shook his head. The flange would spoil the can's appearance, he protested.

In mosts firms this would have meant death to the idea. But in this case the profit-contribution report was routed to the president. He reviewed the suggestion, saw its merit and called in the marketing chief.

"Your objection may be valid," he said, "but I want to see a more convincing argument. Let's run a test in a limited area."

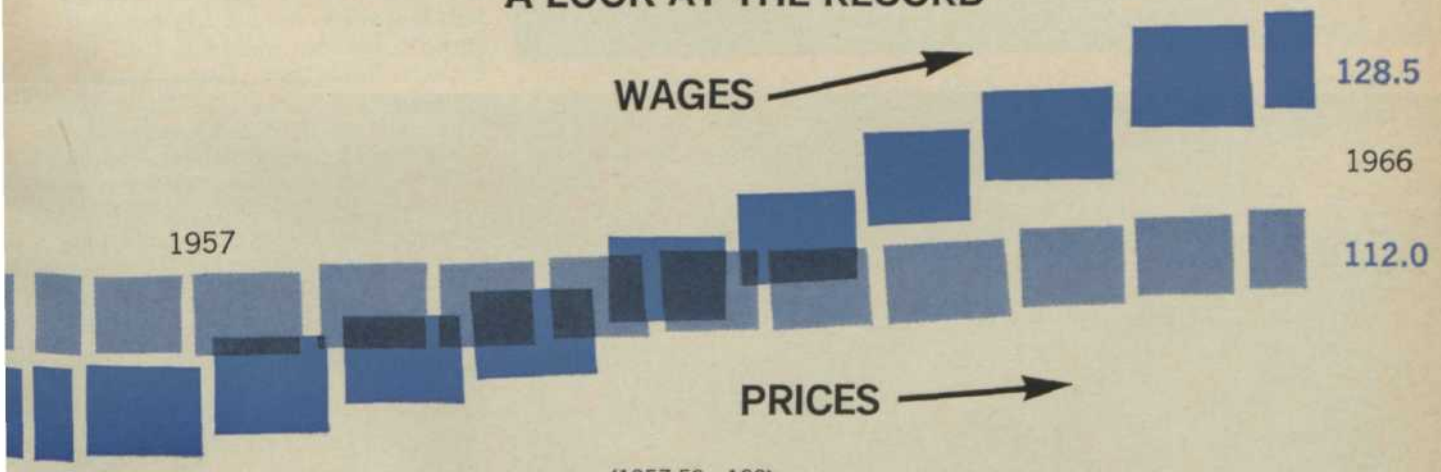
This was done. When it was determined that sales were not affected, production was launched on a national basis. "We regard each move of this kind as another win in our tug-of-war to hold the price line," says the president.

Inventory your people

Asked how his firm had been able to hold the lid on prices over the past two decades, Dr. William H. Byler, vice president of the United States Radium Corp., expressed regret that he had no really useful explanation.

"It's true," he said, "that we have never increased prices on our principal line of luminescent chemicals since starting production more than 20 years ago, but we have used only conventional approaches toward keeping the operation profitable. Our labor force has been relatively stable. Our key operators have become efficient; there has been no turnover in plant management and general management has given us good support."

A LOOK AT THE RECORD



(1957-59 = 100)

Small details? It would seem not. Labor force stability; operating efficiency; no plant management turnover; good support from general management. How many other firms could say as much?

This point, stresses Mr. Hannon, cannot be made too often or too strongly. Profitability stems from individuals working together in a stimulating—but controlled—environment to fulfill a common objective. A competitive pricing structure is a by-product of profitability. Its foundation always was, and will be, people.

"The trouble," says the con-

(continued on page 98)

City leaders tell Washington:

"We'd rather do it ourselves"

Communities throughout the country are rebuilding without federal doles

PHOTO: MARTY NORDSTROM—BLACK ST



"YOU'RE EITHER for slums or against slums," a veteran municipal commissioner grumbles in exasperation. "And what city official is going to line up in favor of slums?"

To city officials and people everywhere the alternatives are sometimes pictured as federal urban renewal or nothing. More than 800 cities have come to Washington for federal tax funds. Others will doubtless follow.

Yet some cities are firmly resisting the pressures that lure others to Washington, hat in hand. Many of these are growing cities, whose populations have doubled or tripled since the war as the nation has become 70 per cent urbanized.

Editors of NATION'S BUSINESS talked with mayors and other elected officials of eight such communities across the nation, with populations ranging as high as 200,000. This is significant in view of the fact that the bulk of urban renewal projects are in small and medium-sized cities.

In discussing their communities, the officials offered a broad range of reasons for their opposition to federal handouts. They showed that there are alternatives to the federal program and explained how these alternatives are being applied—with results.

Here are their stories:

Bloomington, Minn., mayor likens cities to relief cheats

"A city that takes urban renewal money from Washington when it doesn't need it is no more ethical than a person who chisels on public relief."

That's the opinion of Donald R. Hasselberg, mayor of Bloomington, Minn., a city of 67,000 people near suburban Minneapolis.

Mayor Hasselberg is a slide-rule-wielding corporate accountant whose background in accountancy has

(continued on page 65)

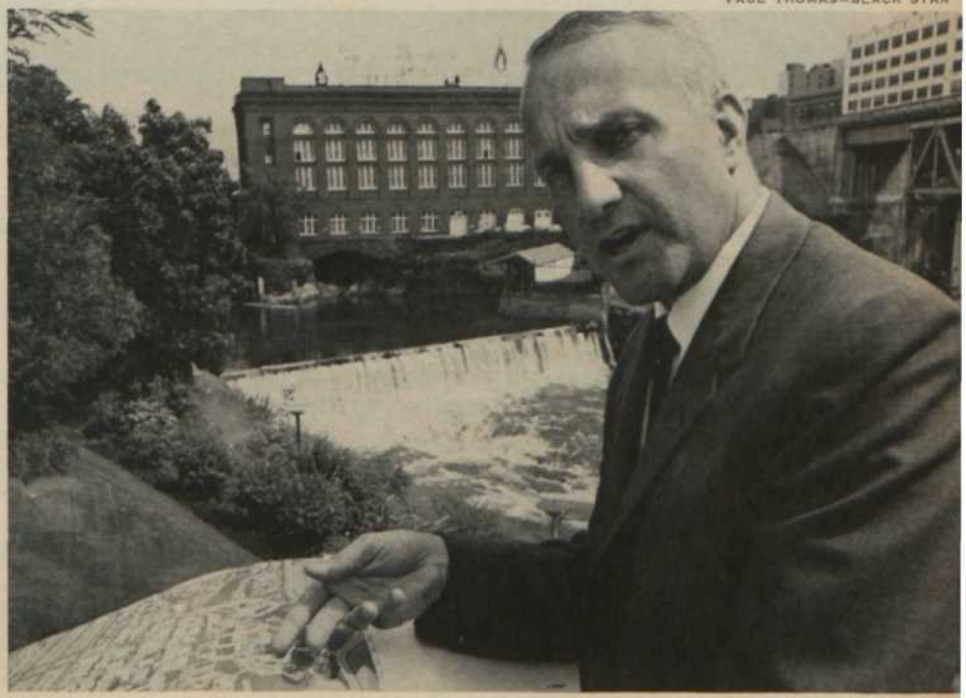
GENE DANIELS—BLACK STAR



Mayor Fred T. Krein of Anaheim, Calif., inspects new stadium being built entirely with local money. His city rejected a planning group's suggestion that Anaheim apply for federal renewal funds.

Councilman William L. Batt of Spokane, Wash., discusses plans for private renewal in area where Spokane River divides city. He played a big role in campaign that stopped federal aid at the polls.

PAUL THOMAS—BLACK STAR



In Bloomington, Minn., Mayor Donald R. Hasselberg oversees construction of new sewer lines financed through bond issue. He strongly favors local self-help.

WHERE YOUR MONEY GOES



YOU WILL chip in $413 to help pay the rent for someone you don't know and to bulldoze a decaying neighborhood in some faraway city.

You'll put up another $100 toward the cost of gouging a road through Appalachia's rugged terrain.

And, to foot the subsidy bills for the hoard of farm surpluses lying in Uncle Sam's warehouses this year, you will pay $236.

These unpaid "bills" are what only a small part of the legislative activity in Washington this year will cost you. These amounts you'll pay are figured on the basis that you earn about $25,000 a year. If you are in a higher bracket, naturally you pay more.

Lawmakers, who will be on the hustings soon telling of their accomplishments, rarely mention the tax-dollar cost of laws they've passed. When talked about, the expense of new laws normally is expressed in billions or mere hundreds of millions. These are fuzzy enough figures so that few people worry in a very personal way about what each new law will cost them.

In half a dozen controversial areas, for example, Congress passed new laws committing you the taxpayer to spend $28 billion. That's not even a fourth of total federal spending for the year. It doesn't include the more than $50 billion for national security purposes that almost no one questions or minds paying. Many other federal programs, of course, are necessary and desirable.

To bring the price tags on these half-dozen programs into more personal focus, see the accompanying chart and check your income bracket.

PROGRAMS: WHAT THEY COST YOU

TOTAL IN BILLIONS	IF YOU MAKE $10,000 INCOME	IF YOU MAKE $25,000 INCOME	IF YOU MAKE $50,000 INCOME
$7.0	$85	$413	$1,234
5.7	69	337	1,005
1.7	20	100	300
4.1	49	242	723
5.1	61	301	899
4.0	48	236	705

The figures indicating your share of the bills reflect not only federal income tax, but such things as excise taxes and that portion of corporation taxes which is normally passed along to buyers.

Here are the half-dozen controversial and, to many people, questionable measures Congress passed:

In one key measure, the lawmakers authorized $7 billion of your money for an array of housing activities, such as more public housing units, rent subsidies, funds for bulldozing and renewing urban areas.

Another expensive and continuing program is for relief payments for low-income people who don't work and includes the Administration's so-called war on poverty. Congress provided $5.7 billion this year for these expenses.

Legislation to help out the lagging Appalachian region and other economically distressed areas will cost $1.7 billion this year.

A raft of programs to pour money into education on all levels from kindergarten to college—not counting investment in manpower development and training activities—will cost you $4.1 billion this year. And, of course, much more later.

Your representatives in Washington appropriated $5.1 billion to continue exploring outer space. Some people wonder if this adventure will be worth the $40 billion outlay forecast for this decade.

Another big and incessant expenditure is for the nation's agriculture programs. Federal farm activities will cost roughly $4 billion this year. Now look at the chart to see what each will cost you. **END**

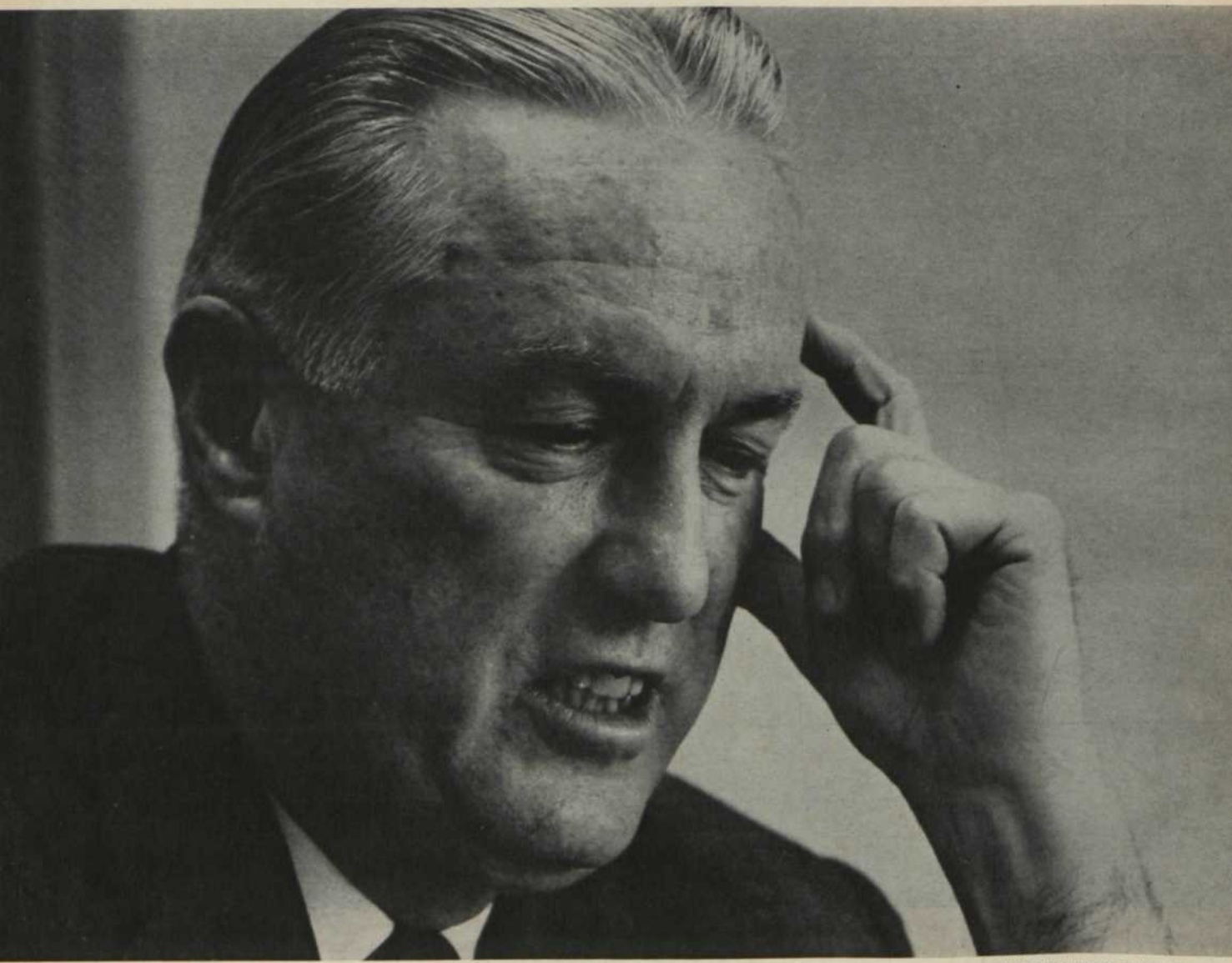


PHOTO BY: JAMES COYNE—BLACK S

LESSONS OF LEADERSHIP

What will our next move be? Is he the right man for the job? What's the competition up to? Typical and demanding questions of life in the executive suite. Questions the computers or consultants can't always answer. They take the special wisdom acquired through long years in charge of getting answers and getting results. This is a priceless asset business veterans possess. In this issue, Nation's Business brings you the fourth part of a series: Lessons of Leadership. The series is presenting the accumulated wisdom of respected statesmen of American business told in interviews with Nation's Business editors.

PART IV:

MAKING IDEAS FLOW

A conversation with Joseph B. Hall of the Kroger Company

JOSEPH B. HALL was born poor.

And the determination to escape poverty, as much as anything, brought him success as a business executive, he believes.

He began work at the age of 10 and rose to head America's fourth largest merchandising company for 18 fast-paced years.

Mr. Hall joined the Kroger Co. in 1931 as manager of the real estate department. A well established organization then, the company had annual volume of nearly $250 million. But now the firms sells almost that much every five weeks.

Mr. Hall became president in 1946, and under his guidance sales quadrupled. He retired as chairman of the board last year with sales and profits at record levels.

In retirement, Mr. Hall seems more active than ever. He is a member of the board of seven large corporations and several smaller companies. He is a director of Ohio University and is entering into a partnership business in Central America. He is now serving his second term as chairman of the board of the Federal Reserve Bank of Cleveland. And under his leadership, the city of Cincinnati is undertaking a large downtown redevelopment project.

He doesn't think of himself as retired. He explains that he simply has shifted the direction of his career.

Walk with him along the streets of Cincinnati and you see that Joe Hall has many friends. In every block he is greeted by people from bank executives to workmen. This is partly a result of his community work.

As president of Kroger, he would visit one of his 1,450 stores scattered across America and note, for instance, that watermelons weren't selling as they should. So he would hang up his coat, tie on an apron, grab a cloth and start polishing watermelons and arranging a display.

What qualities are needed to achieve Joe Hall's success? How do you develop the boiler pressure to get you to the top and stay there?

Here's how Mr. Hall answered these questions for an editor of NATION'S BUSINESS during a long visit in his Federal Reserve Bank Building branch office in Cincinnati.

Mr. Hall, what is the most useful executive skill your years in business have taught you?

Lose some arguments. I don't mean arguments, really, but discussions. Plan the ones you lose and you can plan the ones you win.

Remember the law of minor concessions? We learned that from Lincoln. He would give way on a lot of minor things, and when it came to a major point that was all-important, that's when he wanted his way.

I have used this technique many times. It's a strategy of agreeing with a man, but when it came down to something I thought was important, I wouldn't budge. I was able to pick up some IOU's, so to speak, on minor matters

and cash them in later for important things.

What's the best way to stimulate people you work with?

Encouragement. I think the executive's job is encouraging people to think and act.

When I was a division manager we had four branches. I told the people, "You ought to just sit at home in a chair some time for half an hour, just thinking, and jot down whatever ideas come to mind. You'd be surprised what may come of it."

Well, they had a little dinner once and someone had a picture with a caption: "Can't bother the boss. He's thinking." And, of course, here was the boss leaning back in his chair, feet on the desk. We all had a good laugh. But the idea works. Try it sometime.

The job of the executive is to keep ideas coming?

I think my job was to stimulate ideas, yes, to get others to develop ideas and get things done. Keep in mind that profits are the scoreboard in this competitive game. If you don't make money, then you aren't playing the game. To do that you have to keep ideas coming.

And there's another thought about ideas and agreeing with people in order to have your way on the important things. Don't overlook the possibility that the other fellow might be right. He works with an idea for a week or a month and you come along and toss it out in a minute. You can lose a lot of good ideas that way and you can destroy his incentive to have ideas. So while you're encouraging people to think for themselves, keep this in mind. It's a good idea to put a little oil on the idea machine once in a while.

How do you spot idea-power in others?

Oh, you have to know your people. Talk with them. Get to know them.

In a small business—and I suppose in some big companies—you can run the organization by dictates and orders. But in most businesses today you need all the help you can get.

What I did was take a good idea and drop it into a group, let them work on it, sweat it out. Then give someone credit for it.

A sign of maturity is where you see something done that you started and someone else gets the credit for it and you keep quiet. That's the way you get things done—through people. You can't do everything yourself. The main thing I did was to encourage people to think.

What other techniques have you used to encourage people to do their best?

Well, if you are going to compliment them, do it by memorandum. They value it, show it to others. If you are going to find fault, you do it in person with a smile on your face, so you take part of the sting out of it.

Up until the time I left, I wrote many personal notes. I still do. I would write to people, "Dear Bill, you certainly had nice results last period." If he did something unusual, like set a sales record or come up with a good idea, why I'd write out what I thought about it.

Also I got ideas from many books. The life of Andrew Carnegie, for example. He owned the business, of course, and he would give men a salary increase on their birthdays. Well, it sounded very interesting, but we couldn't quite do that in an operation like Kroger. Our managers earn bonus pay instead.

So I would write them a letter on their birthday, a personal note, you know. This is a big company, and for an employee to get a personal letter, well, I have had people come in with tears in their eyes and say, "I've been with the company 15 years and no one ever remembered my birthday before."

This builds spirit in the organization, a team spirit. You need a team effort and not just an individual effort.

What would you do when men made mistakes?

Heavens, if they don't make mistakes then they aren't trying hard enough. If they learn from mistakes, then the company benefits. If they make the same mistake again, then you'd better get rid of them.

But keep this in mind: The real key to success in business is not the men you let go but the men you promote to bigger jobs.

What do you look for in men to promote?

Hard work. I've always worked hard myself.

I think you'll find more success is based upon effort and hard work than on brilliance. You have to have some of both, but hard work is a very, very important element in success.

I always remember this old boss of mine, where I worked in real estate when I was young. He used to tell this story: "Here is an army," he would say. "The commander marches his men eight hours and stops. Next day he marches eight hours more and stops, and the same on the third day.

"Now comes another commander, just average, but he marches his men eight hours, then they rest and go four hours more. So in two days he is where the other fellow was in three days."

When I picked men for bigger jobs, that's what I wanted—the man who could do in two days what others do in three.

What have you learned about identifying what makes men successful?

It's hard to tell what the driving force in an individual is. I think probably as much as anything, in my own case, it was the driving

(continued on page 70)



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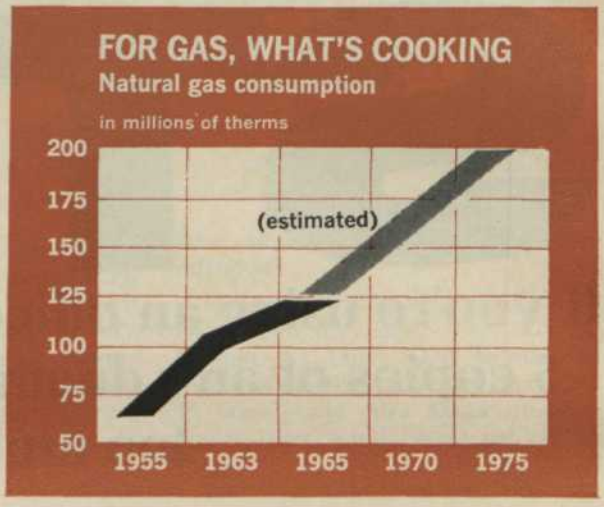
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A LOOK AHEAD

Labor gets recruiting aid
(Labor)

Money meeting nears
(Credit & Finance)

The new underground—wires
(Construction)



AGRICULTURE

We're about to harvest one of our biggest crops ever. Despite price-boosting actions by government, food will take fewer of consumers' dollars, Uncle Sam forecasts. This year you spend about 18.5 cents of each dollar of disposable income for food.

Now food experts give new help to sales by improving flavors.

Processors already know plenty about flavors. They jazz up jams and jellies by catching cooking vapors, stripping out the chemicals that tickle the taste buds and putting them back in the concoction. Low-grade fruits yield essences that go into flavorings. Scientists find new laboratory methods for isolating flavor elements.

Industry, university, government taste technicians will take new look at flavors' value in special food symposium at Oregon State College early this month.

CONSTRUCTION

More and more, you're going to see fewer and fewer power, telephone lines in residential areas.

That's the forecast of builders, utility men, Federal Housing Administration regulators. Many states—especially in West—require underground wiring in new areas.

FHA talks tough. It uses muscle through its programs which help finance home building. "We are saying to developers that they should bury the utility lines unless there are overriding reasons for not doing so," declares P. N. Brownstein, FHA chief. Builders query Mr. Brownstein on what he means by "overriding reasons."

Feasibility of burying lines relates directly to cost, and that's tied into type of development and topography of land, points out an official of National Association of Home Builders. Survey of builders indicates cost of burying lines adds about $200 cost per lot. Most of charges come from power companies which must pass along costs to developers. Builders want a boost in electric rates instead.

Utilities lower costs by using new cable that can be buried without need of separate underground conduit, put landscaped transformers above instead of under ground.

CREDIT & FINANCE

You may not have realized it but an important government insurance activity faces growing—instead of weakening—competition from private industry.

That's home mortgage insurance, dominated by the Federal Housing Administration.

FHA and Veterans Administration still do bulk of direct insuring, of course. But now small group of companies is building business by insuring mortgage loans.

Companies' selling points include speedier service than FHA offers, lower premiums in many cases, no ceiling on interest rate charged by lender.

But many firms don't insure full face value of loan or insure big apartment house financing.

FOREIGN TRADE

You'd do well to keep alert to what's ahead in international talks on revamping the free world's exchange system. What—if anything—finally happens will greatly affect the ease with which U. S. firms sell abroad and foreigners send goods here.

Changes in the present international payments system will almost certainly bind the American economy even closer to happenings in Europe.

What's new is this: Tough behind-the-scenes bargaining is under way in preparation for a future international monetary conference. U. S. has proposed the meeting and is dead serious about it. Treasury Secretary Fowler launches hush-hush talks with European insiders. Most significant talking will take place at Interna-

tional Monetary Fund annual meeting at end of month.

Prospects aren't clear yet. But early outlook favors holding a conference sooner or later. Britain sides with U. S.; Germans, Dutch can be convinced; Canadians, Japanese will cooperate; Swiss bankers dislike change; French adopt trouble-maker's role as strategic move.

LABOR

Repeal of state bans on compulsory unionism will ignite another recruiting drive by big labor aimed at workers who now reject unions.

Restaurant union chief Ed S. Miller gives example of tactical planning now under way. Erasure of the right-to-work section—14(b)—from the Taft-Hartley Act will confront "all unions with one of the greatest organizing challenges of labor history," says Mr. Miller.

That's only one part of latest attempt by unions to build power among non-blue-collar employees. Labor has tried to penetrate offices, stores, service industries before, but has usually flopped. Reasons: These businesses don't lend themselves to industry or national bargaining; white-collar workers consider themselves professionals, part of management; unions have stigma of representing factory workers whose interests differ from office, store employees.

Unions plot strategy with help of government actions besides right-to-work repeal. National Labor Relations Board loosens restraints on picketing, helps unions with new definitions of what employers and unions can tell workers and lets unions split stores into small bargaining units which often helps gain when representational elections are held.

MARKETING

Big businessmen admire a big man in the White House, according to satirist Art Buchwald. But they evidently dislike a fat man in the executive suite.

Buchwald came up with his theory in Nation's Business last month. And the Edward Dalton Co. checked the weights of the chiefs of the 50 largest companies to deduce that none of them are fat. Naturally enough, that company is using the findings in advertising Metrecal, a diet food. The company is keeping other findings of its survey to itself.

That's one part of an attempt by the weight-reducing industry to sell more of its products to men. Industry estimates sales this year of diet supplements at about $65 million, down from a high of $105 million several years ago. This doesn't count the $60 million or so of prescription drugs for appetite control druggists will sell this year.

Only some 20 per cent of the dieters are men. Marketers figure junior executives on way up—and chubby from too many business lunches—provide lucrative market.

NATURAL RESOURCES

Race for a fuel cell brings gleam to eyes of natural gas industry. Big question is length of wait.

What's a fuel cell? A device that produces electricity from a chemical reaction instead of from spinning turbines. Researchers for the Institute of Gas Technology in Chicago are trying to work out an economical method of making electricity from hydrogen in natural gas and oxygen in air. They say they're several years away at best. Leading prospective market appears to be apartments, hotels.

Meanwhile, gas companies push their total energy concept—a gas-fired furnace that takes care of heat, air conditioning, electricity needs of large buildings.

New gas appliances include infrared broilers, directional space heaters, plug-in gadgets such as toasters, and stoves that disappear.

TAXATION

On October 25—for the first time in 33 years—inventors will have to pay Uncle Sam more for a patent.

"Preliminary study," says the Chamber of Commerce of the United States, "reveals that in no case will the fees . . . be less than three times the amount previously paid, that is, $63, and could average around four times as much."

This isn't a tax, of course. It's a user charge. But it goes into the Treasury to help pay expenses that would have to be covered by taxes. Officials figure the new rates will let the U. S. recoup three fourths of Patent Office's costs instead of today's 30 per cent.

Administration expects new fees, partially based on length of application, will speed patent issuance, cut costs by cutting verbiage.

TRANSPORTATION

Bus companies, those that travel between cities, experiment with new services, cost-cutting schemes to boost business.

They rework schedules and routes to use turnpikes on part, if not all, of a run. Some lines try station wagons for shuttling passengers to pick-up spots on turnpikes for express buses. Companies with short-haul, high-cost routes try leasing them to individuals. Hovercraft, which ride over land and water on a cushion of air generated by a huge fan, interest firms.

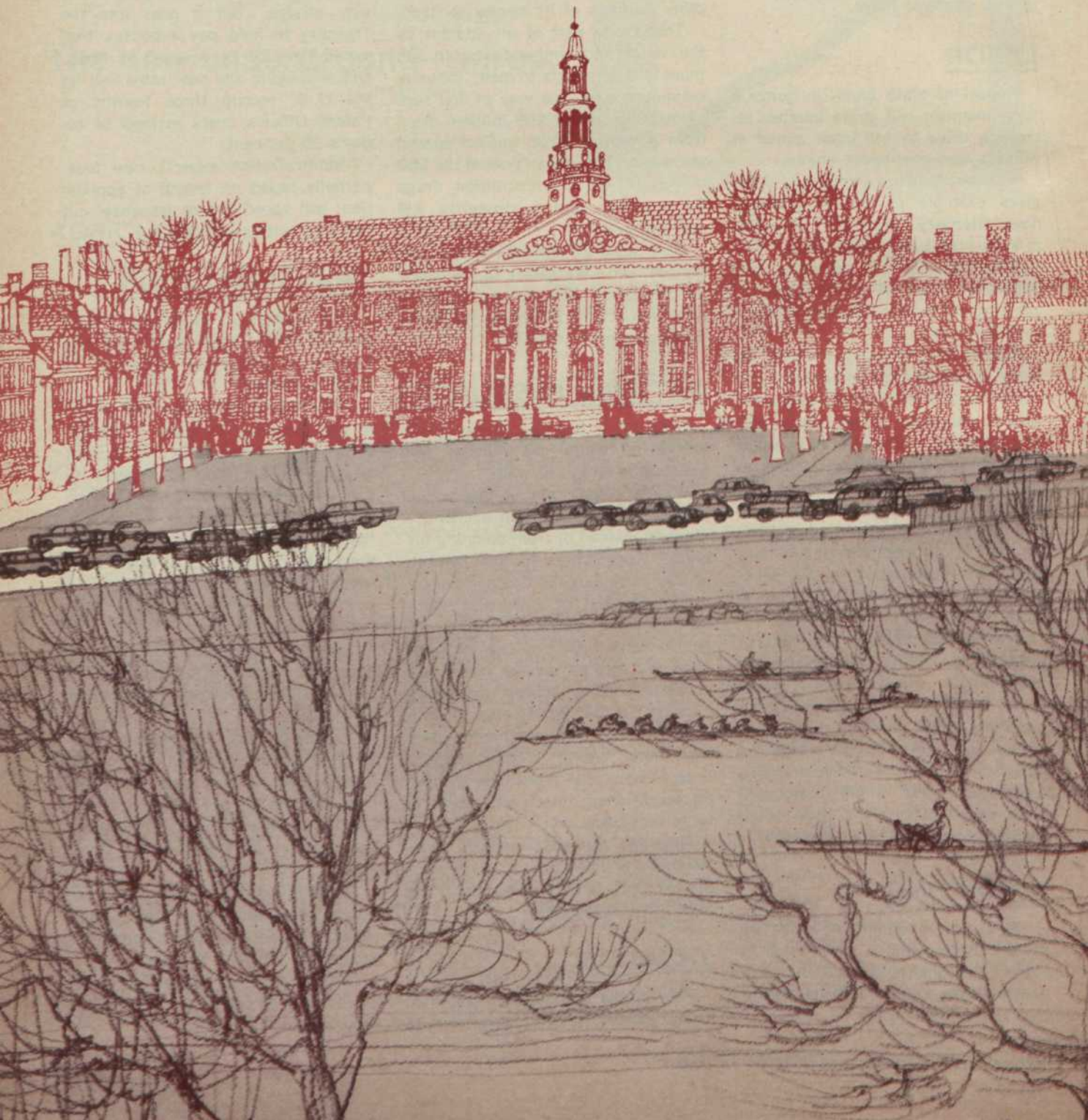
Lines get encouragement for new departures from current success of two one-time sidelines: freight and charters.

Freight or "package express" will bring in about nine per cent of intercity bus revenue this year, up from only three per cent in 1953. Charter income leaps to 10 per cent from under six per cent in same years.

Package service profits from design of latest buses with large storage capacity, service to many communities which lack rail service.

Charter business thrives on growing number of company tours, group excursions.

PATTERN FOR SUCCESS



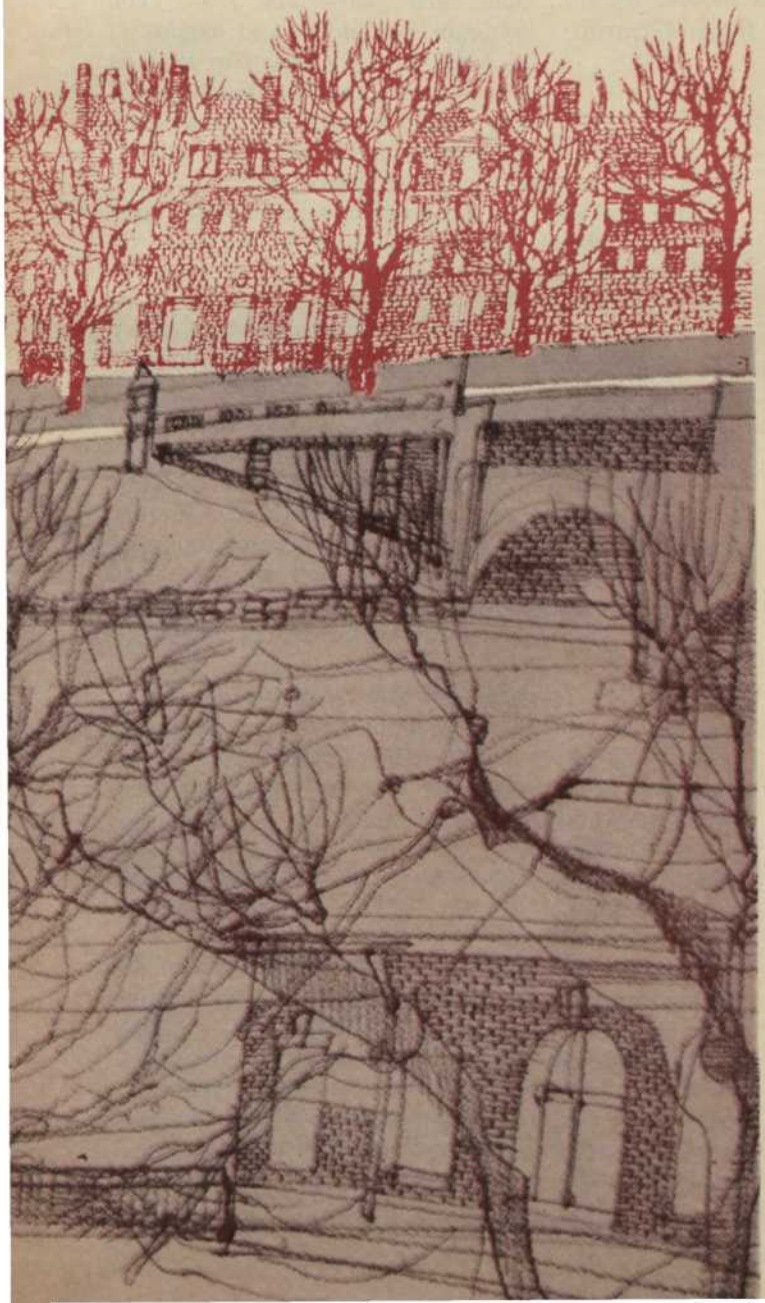
Exclusive new series recreating the Harvard Business School's Advanced Management Course

A MAN OF BREADTH is a man of judgment. So believe the designers of the oldest and undoubtedly best-known executive development course operating today—Harvard University's Advanced Management Program.

NATION'S BUSINESS, with the cooperation of Harvard's Graduate School of Business Administration, assigned Associate Editor Walter Wingo to spend three months at Harvard studying the program, living with the select group of executives taking the course, attending classes, reading the texts and cases and interviewing the professors. The noted pictorial reporter Franklin McMahon illustrated the series.

Now, NATION'S BUSINESS brings you his reports—the essence of Harvard's 13-week Advanced Management Program.

This series of articles will recreate for you the enriching experience of the Advanced Management course.



IT IS SUNDAY afternoon when you arrive, suitcase in hand, at Harvard Business School.

Your eyes are drawn toward the gently curving Charles River by a vaguely familiar knocking—a sound forgotten these many years away from any campus. From under the Larz Anderson Bridge, a racing shell lurches into view, the coxswain rapping the side with a wooden block to time the oar strokes.

Across the Charles, beyond Weld Boat House, jut the venerable spires of Harvard College. Somewhere over there a church bell begins to clang.

This is a strange, hushed feeling you have as you walk under the red-bricked arch into the courtyard leading to Hamilton Hall. You are leaving behind your loved ones, but also the crabgrass, jangling phones, the nagging desk calendar, the entire tension-goading rumble and ruffle of your job.

For the next 13 weeks, as you take part in Harvard's internationally respected Advanced Management Program, this cluster of ivy-covered Georgian buildings will house you.

Hopefully you will leave with more refined executive skills, sharper ability to make decisions, more critical judgment, a much broader business perspective—one that cuts across all operational functions at your firm—and an increased self-confidence which will be vital when you are called on to perform in top command.

A steward leads you to your room in Hamilton Hall. The oldest participants in the program, those in their mid-50's, get rooms on the first floor. The youngest, those in their late 30's, are quartered in the fourth-floor "attic."

In 1927, when Hamilton Hall was built for graduate students, these were the plushest accommodations Harvard had to offer. But standards have changed. Your bedroom is something like a train compartment. You can't walk between your bed and your dresser unless you shut the drawers.

Adjoining is a study room which you share with another man. On each desk is a tall stack of fresh



"How is it done in your business?" an American controller is asked by a participant from Ghana.

text books and other reading matter. Next door is a barracks-style washroom for you and your seven "canmates." You feel ridiculous at first referring to yourselves as a "can group"; it doesn't sound very Harvardian. But you will get used to it, you are told, and, if you're like most past participants, even develop a chauvinistic allegiance to Can 3 or Can 19 or whichever you're assigned to.

In general, members of the Advanced Management Program are called simply "AMPs." The faculty is careful never to refer to AMPs as students. After all, you aren't exactly a green kid. You could teach every professor and every other AMP in the program something vital about your particular job and your business. And that is precisely what you are expected to do in the weeks ahead.

For its part, the faculty intends to guide you through a rigorous once-in-a-lifetime academic adventure designed to prepare you for responsibilities of top leadership in a business or public organization.

As you unpack, your canmates introduce themselves. One is the controller of a life insurance firm in Boston—he's required to live in Hamilton Hall, too. Others include a U. S. Navy captain from the Pentagon, the chief engineer of a California pipeline firm, the vice president for general services of a large Ohio electric company and the executive vice president of a huge mining machinery firm headquartered in New York City.

There are two foreigners in your group, too. One is director of an English electronics firm. The other is an Australian who is in charge of flight operations for a Far Eastern airline.

"Each can group is mixed as much as possible to get a maximum cross-fertilization of experiences and ideas," says assistant dean Harold B. Van Gorder, the program's administrative director.

"Although every man is used to being pretty much the final word back in his home office, he must learn fast to reach some decisions by compromise if he is to get along in this round-the-clock contact with men of varying backgrounds. This, too, is an important part of his training for life on an executive board."

Dean Van Gorder, a retired U. S. Navy captain, served as chief of staff of NATO's Northern Europe Naval Forces. He himself was a participant in one of the AMP sessions in 1961, when he was aircraft program director of the Bureau of Naval Weapons.

Two AMP sessions have been held each year since 1945. The program, the oldest and longest of its kind, actually began in 1943 as a means of converting businessmen into vitally needed war production managers. In those days participants were unofficially called "retreads."

Since the war the program has attempted much more than merely giving new faces to old tires. It now aims to change a man's whole way of work. It tries to free him from the confines of his specialty and start him thinking about problems of broad policy and strategy of long-range significance to business.

You're in the $30,000 bracket

You get ready for the first of many receptions you will attend in the coming weeks. On your way out of your room you snap on your name tag, a motion that will become as familiar each morning as tying your shoelaces. Downstairs, in the spacious, oak-paneled Hamilton Lounge, you and your canmates begin shaking hands with the other 152 AMPs in your session.

About 100 of them are American businessmen—company presidents, functional department heads and general managers of important profit centers and their staff equivalents. You've heard that their average salary is $30,000 a year.

Another 30 AMPs come from firms outside the United States, representing nearly every panel of the globe. The remainder are from the U. S. government, both civilian and military.

Typically each has worked his way up in one department or area of business, such as accounting, sales or production. He usually has not acquired much knowledge of other activities or the broad balanced point of view needed in top management.

You note that the companies printed on name tags range the spectrum of the economy—banks, ultilities, consulting firms, retailers, processors of consumer



"What steps can be taken to increase sales volume?" asks a professor, kicking off a class debate

goods, missile makers and atomic energy plants. There are small, highly specialized manufacturers of precision products and great companies with world-wide operations.

A few AMPs haven't seen the inside of a formal education classroom since high school. Some have Ph.D. degrees—from Harvard, even.

You were picked by your superiors and by Harvard to be an AMP because you are mature and able, have been on the management ladder for 15 to 25 years and have arrived at an over-all policy-making position or show great promise of being promoted to one soon.

Your boss picks up tab

Your firm is footing the basic $3,260 Harvard bill plus your transportation and regular salary. But during your stay here you will have little or no contact with your home office.

What does your boss get in return?

"Company presidents often ask me that before sending their men here," Captain Van Gorder says. "I can only say there are 160 different men who get 160 different things from the program. The needs of each man vary with his background and the plans for his future in top management. I'm sure, though, that no man will ever be quite the same in his personal and business lives and that all will return with a solid realization that there is rarely one answer to any business problem." Ideally, he adds, you would go back to your boss with the following:

A practical understanding of the processes of internal communications, financial flows, organizational systems, corporate planning, marketing, human behavior, labor relations, modern decision-making techniques and other overlapping concerns of top management.

You get an awareness of the latest management techniques and a better grasp of your own industry and the entire national and world economy.

While you are away, your boss will have a chance to test your assistant in your position. If your as-

sistant does well, he'll be ready to take over your desk when you move up.

Later, during your first evening at Harvard, you crack one of that stack of blue-covered texts. You have a reading assignment already—something called the Galvor Case. Beneath the glare of your desk lamp you feel more detached than ever from the life you have grown accustomed to; you are actually doing homework again.

The Galvor Case plunges you into the middle of the complex affairs of a French firm.

"Not much point to it," you think. "No plot. No conclusions. It doesn't seem to be leading up to anything. Can't find much here for my business."

This is your first, floundering introduction to Harvard Business School's famous case method.

The next morning the entire class meets in a huge tiered classroom in Aldrich Hall, a two-minute walk from Hamilton. Suddenly you find yourself trying to field questions like:

What objectives and goals for Galvor might be established by top management for the next decade?

What do you make of M. Latour and his management group?

Should Galvor proceed with development of the digital voltmeter?

With whom do you side in the discussion between M. Chambertin and M. Latour regarding research and development and factory overhead?

In the short period that M. Armagnac has been with Galvor, what is your opinion of his actions and his future?

What is your appraisal of Galvor's current financial condition?

If M. Latour decided to sell, what roughly should the selling price be?

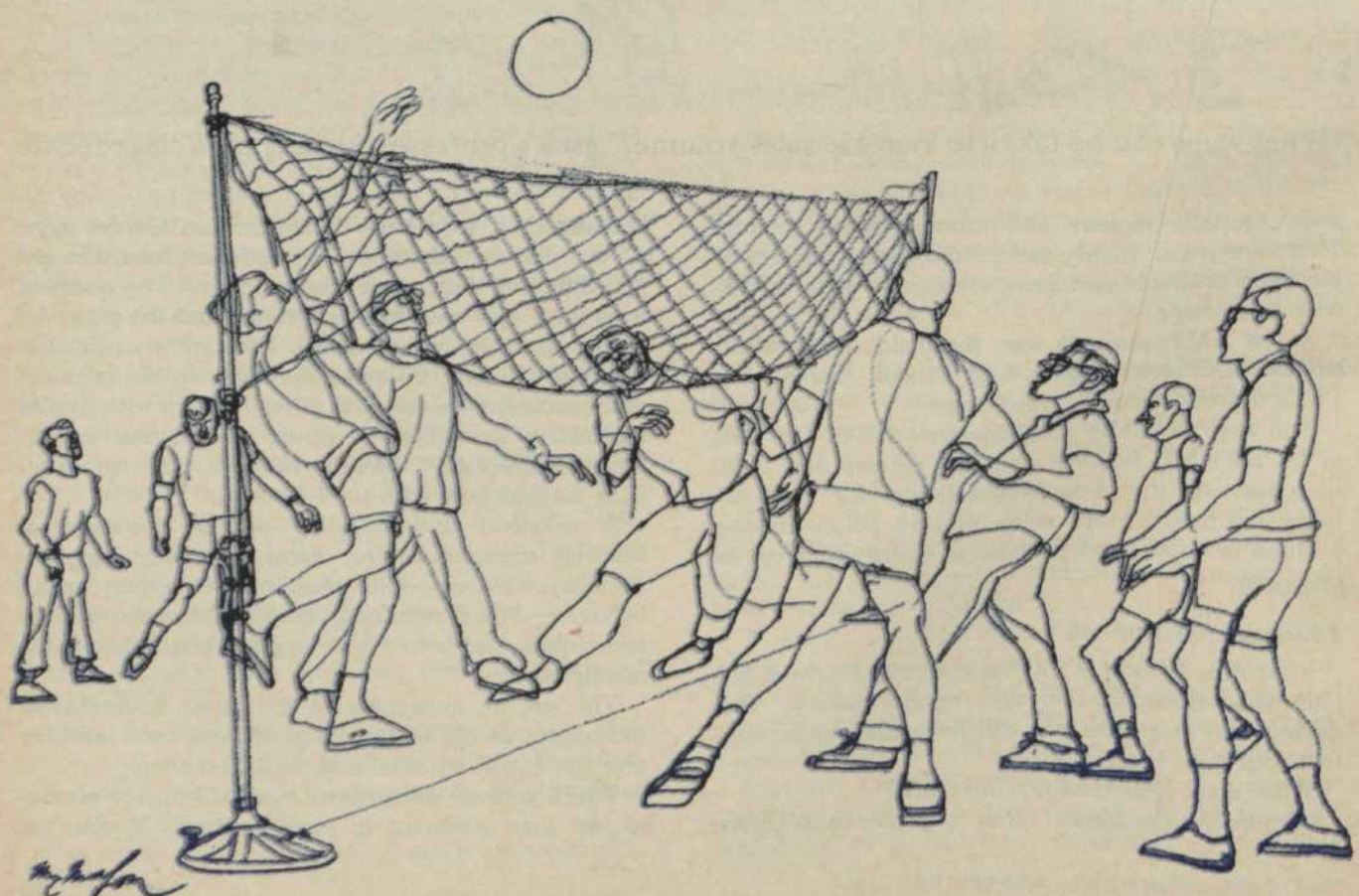
Some of these questions are far out of your field. You strain for plausible answers. You get the uneasy feeling that there are some serious gaps in your business background.

Study and discussion of the Galvor Case go on for two days. You should find out that the questions lend themselves to many intelligent answers. Further, none of the several professors conducting the questioning and guiding the discussion seems to have any ready-made solutions.

This will be true of all the cases you will study. They give you a galaxy of facts about an unfolding business situation, often frozen at the point where decisions must be made. It is up to you to figure out what, if any, problems the firm has and what should be done about them. You act as a consultant to the firms being studied. You learn by doing and by watching the way others tackle the same problem.

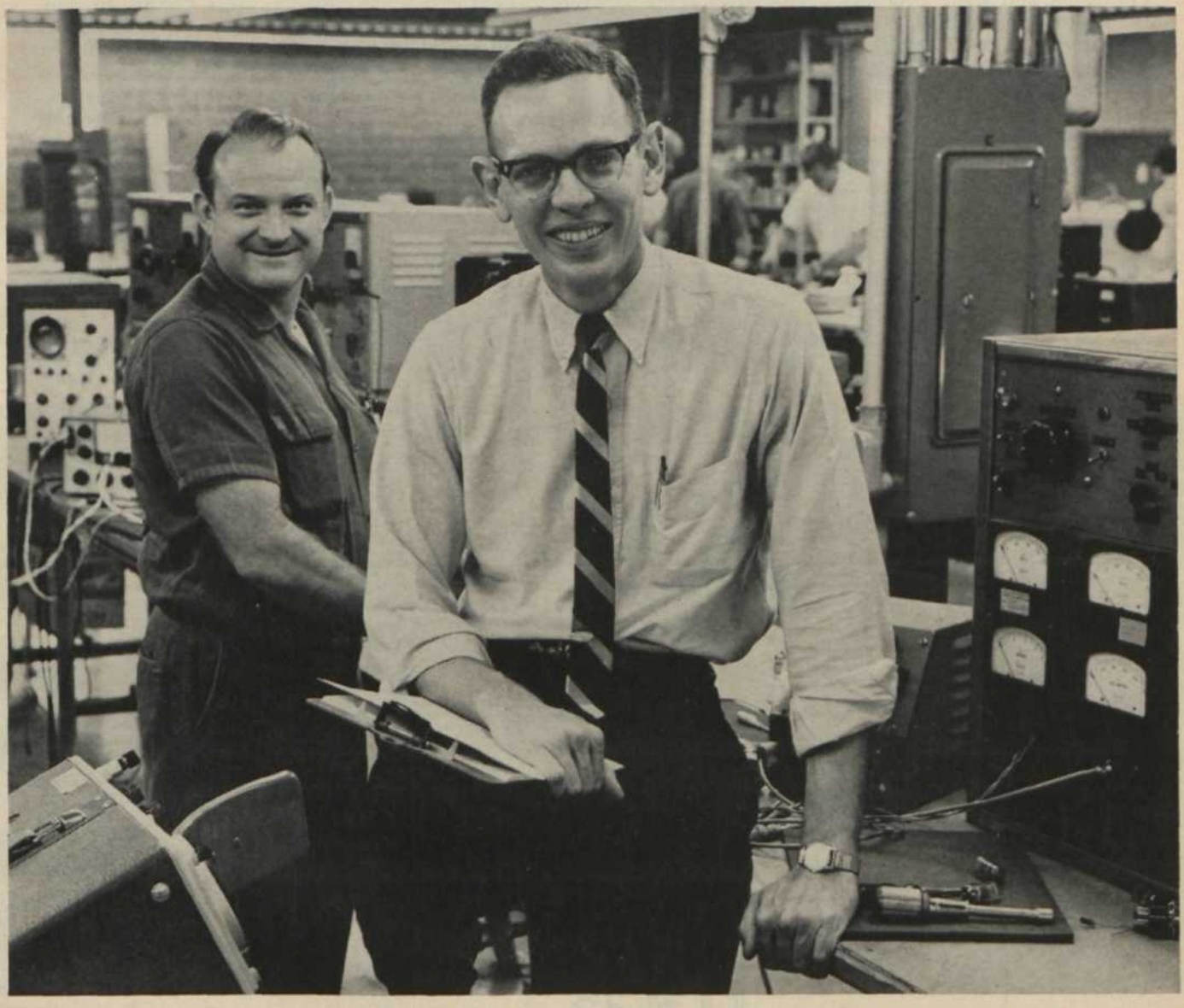
Many men who come to the Harvard Business School were accustomed in days past to memorizing their notes on assigned readings and lectures and feeding them back to instructors in exam books. But Harvard business professors put little premium on rote memory. They insist that the men learn to weigh facts, outline problems, analyze conflicting courses of action and reach judgments they are prepared to defend.

When you're pondering problems behind the general manager's desk, they point out, you won't be able



Why Sentry is happy to insure a "small" business like ACDC Electronics

but might have to pass up GE



"Small" business? Lewis List knows what that means. Smaller than General Electric.

Lew is Executive VP of ACDC Electronics, Burbank, California. 165 employees. Lew says, "Sentry *understands* our business." Sentry agrees. Our company was started by small businessmen to *insure* small businesses. So, we feel we can do better by them than anyone else.

True, we sell all kinds of insurance, but our particular cup of tea is planning insurance for businesses like ACDC.

Complicated insurance problem. ACDC once had as many as 10 different policies.

Then they called in Sentry. Now: everything all wrapped up with one organization–Sentry. Tailored to fit the ACDC situation.

Now what about General Electric? Fine business, but too big for us. Even though we do over $135,000,000 a year now. Suppose we took on GE? We just wouldn't have the people to give men like Lewis List (and you) the proper attention.

If you have a "small" business – the Sentry man would be proud to talk with you. Why don't you give him a ring? He's in the phone book.

SENTRY INSURANCE

the "small" business that got big serving "small" business

PATTERN
continued

to peek in the back of a book to see if you've come up with the right solutions.

The cases you study are actual situations, but often the names involved are disguised.

Professors and their case assistants visit firms, sitting in on business meetings, talking with employees and leafing through company records to gather the case facts.

A key feature of the case method of instruction is that it demands that you recommend a specific course of action even though you don't have every bit of information that you'd like to have.

"It is exactly with this kind of situation that the executive has to deal all the time, and it is important that he learn to tolerate incompleteness and ambiguity," says Prof. Renato Tagiuri, who conducts AMP classes on human behavior in organizations.

"If making decisions under conditions of uncertainty proves difficult for him, there are other walks of life where he might be more comfortable."

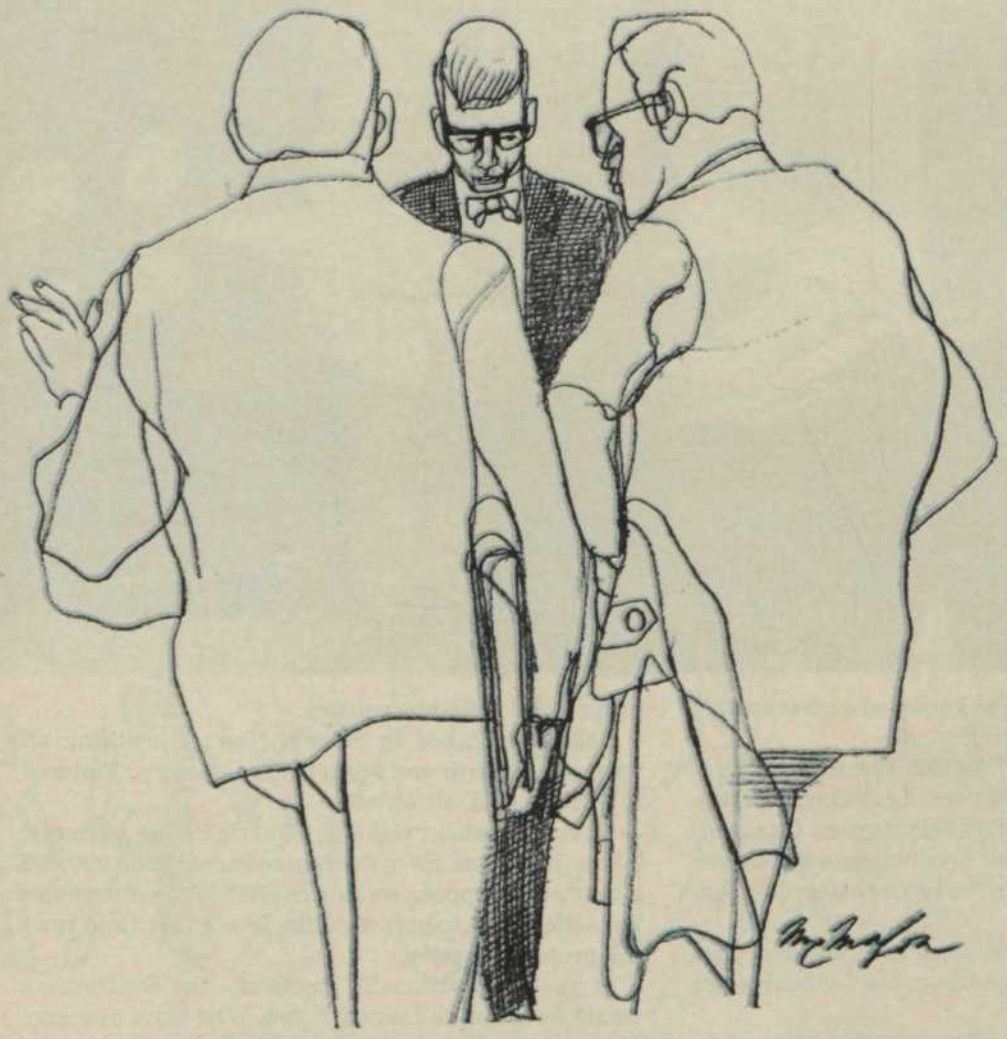
By Wednesday of your first week, when you think you have completed discussion of the Galvor Case, you have a surprise visitor. He is the president of the Galvor Company, M. Latour himself. Using his Harvard-given pseudonym, he flew in from Paris specifically to hear the AMPs' recommendations on what he should have done at the Galvor Company.

Before returning to France, Latour tells you what actions he actually took and why. He also recounts what the results of those actions were. This is frosting on the case. Ususally you don't find out what actually happened in Harvard cases.

Having at last gotten a feel for the case method, the AMPs break into smaller class groups to consider separately the subjects of business policy, marketing, behavior in organizations, labor, business in the world society, business history, accounting and finance. Later in the program other topics will be added—statistical decision-making, computers, business simulation games and something sounding ominous called "The Big Case."

Each subject, of course, involves elements from others. The AMP

You'll have to get used to a lack of information. That's how most decisions are made.













Cover story

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faculty meets once a week to go over upcoming schedules so similar topics can be attacked from many different angles at the same time.

As a new AMP you can look forward to a variety of real and simulated experiences:

You will find yourself sitting at a bargaining table—first on management's side, then on the union's side.

You will revamp the sales organization of an electrical parts company.

You will compare the business acumen of Cosimo de' Medici, Benjamin Franklin and Henry Ford.

You will attempt to land a big contract for a locomotive company.

You will try to straighten out a personality clash at an electronics plant between a foreman and one of his workers.

You will leaf through a stack of financial reports, facing terms like "contour conformity in accelerated straight-line depreciation" without a flinch.

You will think as a banker and decide whether to make a sizable loan to a firm making boat engines.

You will examine the success of the Playboy enterprises.

You will negotiate the merger of a small gasoline distributing company with a giant oil firm.

You and three of your canmates will run a waffle iron firm in competition with others, the results being determined by a computer.

You will learn to deal with men who run computers, how to avoid letting them make your decisions.

And you will discuss the economics of John Stuart Mill and John Maynard Keynes and not only know what you're talking about, but actually get worked up about what their famous theories mean to down-to-earth businessmen.

You attend classes six days a week. The typical day starts with discussion sessions from 8 to 9:45 a.m. in small rooms off the labyrinthine tunnels connecting the Business School buildings. Each discussion group consists of eight AMPs, one of whom is appointed leader. No faculty member is present.

Like all groupings in the program, with the exception of the can groups, the discussion sessions are shuffled regularly so that each AMP is in a working relationship with every other AMP.

Before considering the day's

When it comes to addressing things, a Pitney-Bowes 701 can do everything a good, fast typist can do. Except misspell customers' names.

Typing names and addresses is so tedious and boring, you can't really blame even the best typist for making (oops!) errors. Instead of getting a new typist, get her a Pitney-Bowes 701 Addresser-Printer. With a 701, she not only can't make mistakes; she can address envelopes, statements, or what-have-you six times as fast as before. (With the time she saves, she can use the 701 to get out other mailings, special promotions, customer reminders, or start in on next month's statements.) If you're thinking a Pitney-Bowes Addresser-Printer sounds great but probably costs too much, you'll be surprised when you find out you can get one for about half what you'd pay for an electric typewriter. And the 701 can spell



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PATTERN

continued

cases, each discussion group listens to one or two members tell a bit about their firms and what they do for them.

The discussions allow you to observe "small-group dynamics" at work—the effect of each individual's behavior on the others. Unconsciously you are sizing yourself up against the other AMPs and forming some opinions of the caliber of the firms they represent. Companies that have been participating in the program for many years are well aware of this informal rating among the AMPs and have become increasingly careful in picking those who represent them at Harvard.

At the same time, you are being sized up—not only by fellow AMPs but by two other groups at the Business School. One consists of some 60 men in their late 20's to late 30's attending the Program for Management Development, designed to develop middle managers. Also watching you are some 1,300 students working for their masters of business administration, MBA, degrees. Some of these young men may shortly be working for you. To them you represent what they hope to be some day, members of the top ranks of management.

Now and then an "MBA" will ask you for some advice about a career in business—and you don't seem to mind giving it to him.

Your sympathies go out to the MBAs after you learn that during their two years on campus each will study more than 1,000 cases similar to those you are laboring over.

The AMP faculty frankly admits that it loads you with more study assignments than you could possibly carry. Some AMPs at first stay up half the night trying to complete the assignments. It is perhaps a hang-over from the way they approached their work back home; they liked to stay at their desks until everything was finished. But the AMP faculty wants to force you into making the type of priority decisions top managers must constantly make—even over how you should distribute your study time.

The syndicate approach

Some AMPs elect to use some of their study time to work on a "syndicate," a group of four or five who do special research on business problems that particularly interest them. Past syndicates have considered topics such as stresses on managers, executive compensation and trade with the USSR. About the 10th week of the program the syndicate presents its findings to the entire AMP group.

You also are expected to budget time for regular dinners with members of the faculty and special lectures by distinguished educators, government officials and business and labor experts.

Certainly not all of your 13 weeks at Harvard is spent as a "monastic scholastic," a phrase used in the AMP catalog.

The Greater Boston Chamber of Commerce takes you on a tour of the old and new Boston. The U. S. Navy lets you inspect an aircraft carrier and holds a reception for you. An airline gives you a trip aboard its latest jetliner, with the mayor of Niagara Falls obligingly turning the lights on the falls as you pass over. You attend a party at the on-campus home of George Pierce Baker, dean of the Business School, and his gracious wife. There also are facilities for tennis, swimming, volley ball, squash and golf. And there are the Boston Symphony and Pops. American AMPs find it great sport to take an English AMP out to see the battlegrounds at Concord and Lexington.

Then there are the uncountable coffee breaks and the daily "Happy Hour," with sipping in Hamilton Hall starting at 5:30 p.m. and cutting off at 6:30.

For variety, you cross the bridge into Harvard Square, dodging bearded beatniks and their bedraggled girl friends. You feel out of place in your business suit, which is required uniform on your side of the river.

A time for thought

Some evenings you take a break from the books and just stroll along the Charles. You look at the shimmering reflection of the lights from Hamilton Hall and Baker Library and you listen to the hum and swish of autos on Storrow Drive.

At such times you are likely to think of home and why you are expending so much time and energy at Harvard. Perhaps you can remember a bit from an essay on the rising businessman in your AMP catalog, written by David McCord, who is informally regarded as the poet laureate of Harvard. It said:

"Enthusiasm, initiative, responsibility, ambition, imagination, and hard work are no longer in themselves enough to yield or realize individual success—success at the very top. For there comes a time—a precise and predictable moment almost—when a handhold on the rainbow is exactly where the escalator levels off.

"It is here that he suddenly brings up against a wall of doubt or finds himself pacing down a dim-lit corridor lined with confusing doors marked Political Economy, Government Control, Labor Relations, False Objectives, Public Attitude, Foreign Competition, Brass Hats, Market Strategy, Human Equations, Corporate Mergers, Hidden Taxation, New Techniques.

"Is this hesitant man perhaps familiar?"

What's the best way to motivate your people? How do you minimize resistance to changes you want to make? What are man's needs and how can the manager cash in on knowing how they are ranked? What type of man makes a top executive?

In next month's NATION'S BUSINESS, the second article of this series will tell you how Harvard University's respected Advanced Management Program approaches these and other vital questions on human aspects of administration.

REPRINTS *of "Pattern for Success—1" may be obtained for 35 cents a copy, $16 per 100, or $135 per thousand postpaid from Nation's Business, 1615 H St., N. W., Washington, D. C. 20006. Please enclose remittance with order.*

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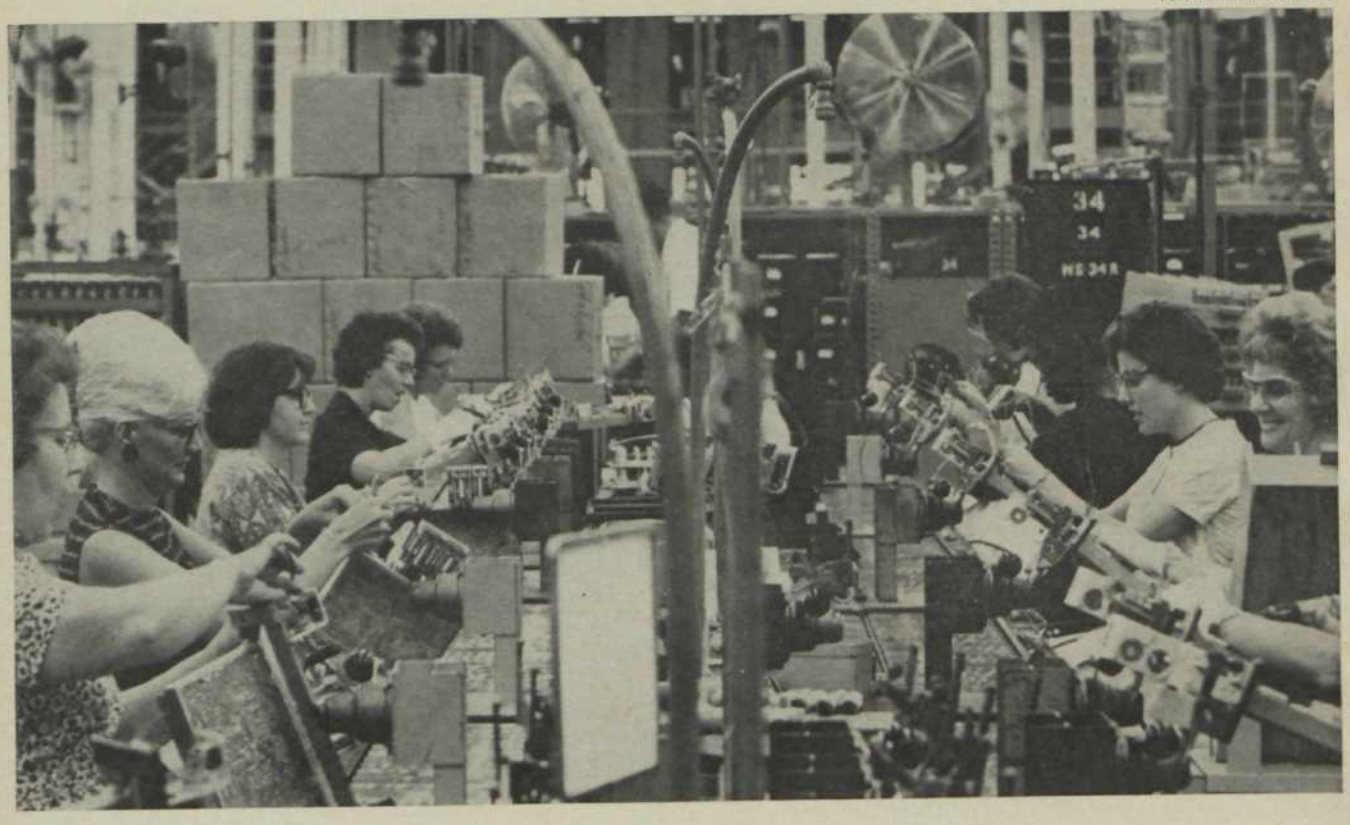
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New jobs opened up for these women as a result of automation in the Western Electric Company's Winston-Salem plant. Resistors produced by automation, and now used in this equipment, lowered its cost, upped demand and created need for even more workers. Also when transistors replace vacuum tubes, as in the equipment here, business often hires three people for every two hired before.

TOM E. WALTERS—PIX



New look at how machines make jobs

What happens to workers when automation arrives? For many, it means advancement, higher pay or new careers

Behind the scenes in an airline reservation center—this one is American's in New York—it takes people to run the computers. When reservation requests come in, operators punch buttons on the SABRE system unit in front for an immediate confirmation. American's system employs 1,100 people. Board in rear keeps track of how well this office of 84 computer units avoids foul-ups.

HANS KNOPF—PIX



WHAT HAPPENS when automation forces a person to change jobs?

For most people, it's a disaster —at least for awhile.

But for others such as cheery-voiced Dorothy Levendosky, it may be one of the best things that ever happened to them.

She worked for 16 years processing dental X-ray film at E. I. du Pont de Nemours & Co.'s Parlin, N.J., plant. Then came a decision to change the manufacturing process at Parlin. Miss Levendosky and a group of other women production employees took a four-month secretarial training course at company expense, with full pay. Now she's happy as a secretary-stenographer for the plant's photo products sales-service group.

"It's like a complete new life now," Miss Levendosky told NATION'S BUSINESS. For one thing, she now works in daylight instead of semidarkness. "It seems that I'm doing something really worthwhile."

Automation, of course, is many things to many people. To some, it means simply the use of computers to do things many people used to be needed to do. To others, it is the use of almost any machine to produce things humans used to produce; in other words, one more extension of the mechanization of labor that has been going on since invention of the wheel.

However you define automation —computerization, technological advance or whatever—it unquestionably means concern or hardship for a number of people as well as for their employers. New methods of doing things always have.

"That labor-saving machinery, so called, but which more properly should be called labor-making or labor-assisting machinery, displaces labor temporarily cannot successfully be denied. All men of sound minds admit the permanent good effects of machinery; but these good effects do not prevent the temporary displacement of labor. . ."

So reported the government's Commissioner of Labor back in 1886. And that is the essence of today's sound and fury: How to ease the problems of industrial transition for individuals caught in it.

Indeed, there's even little genuine debate over the broad value to the economy and over-all employment of what's come to be called automation—the advancing technological revolution is substituting machines for men in making and processing things.

As one of the government's most respected authorities on automation—Ewan Clague, Commissioner of Labor Statistics—puts it: "Technology as such does not result in a net loss of jobs in the economy. It does destroy the jobs and occupations of individual workers; but it creates new jobs and occupations which require workers."

"In a word," asserts George Terborgh, research director of the Machinery and Allied Products Institute, in his new book, "The Automation Hysteria," "technological



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MACHINES AND JOBS

continued

progress is favorable to employment in the net, or over-all, and at least so far as process improvement is concerned, it causes far less personal dislocation and hardship than the alarmists would have us believe."

Even the top men of big labor —though not always their local leaders—embrace the virtues of this new industrial revolution.

"We don't oppose automation," insists Nat Goldfinger, top economist of the AFL-CIO. He declares the union simply wants job protection for workers in jobs affected by the new ways of doing things during the transition and a share of savings due to automation.

What's often overlooked is this: Automation in its broad sense of technological advance is opening the door to easier, better-paying and more desirable jobs for many workers, enabling others to perform tasks for which they previously lacked skills and creating jobs which never would have existed otherwise.

Consider the case of the deposited carbon resistor and how Western Electric Co. automated jobs out of existence for a group of Winston-Salem, N. C., women.

The resistor is a tiny device about the size of a pencil which helps regulate current in amplifiers and other complicated electronic equipment which Western Electric makes for its parent American Telephone & Telegraph Co. Latest-model juke boxes use about a dozen of them. They must be extremely precise.

When the deposited carbon resistor was first developed, the women laboriously made it by hand processes. Their speed wasn't so dramatic but the big problem was quality. "We always had an extremely high reject rate because the tolerances had to be so exact," says a company official.

Clever engineers then devised a block-long machine that can be run by just a few technicians and spews out top-quality resistors. This brought down the cost of the resistors to economic levels, opened the way for creation of new applications of the technique to move electronic equipment and expanded jobs of many sorts at the Winston-Salem plant.

The women? Western Electric provided new job openings for all assembling other electronic components. In addition more jobs were created for others because of the new development.

Another bit of more or less automated equipment in Western Electric's Columbus, Ohio, plant doesn't cause workers to switch jobs but enables unskilled workers to do tasks they couldn't do nearly as well—if at all.

It's something called a wiring assist machine used by women wiring tiny pieces of electronic gadgetry into a memory unit for the Bell Telephone System's new electronic switching stations. A diagram tells the woman where to connect wires to terminals. When she completes the task properly, a light switches from red to green and she moves to the next step in the production process.

"A mistake in wiring can mean tearing down a $10,000 piece of equipment later on," says a Western Electric official in explaining how the machine enables workers to accomplish difficult tasks, thereby opening more jobs to more workers, as well as reducing costs.

From the worker's standpoint, the machine can mean more money because she is paid on a piecework basis under union contract and the machine permits faster work with fewer errors. Workers don't get paid for rejected equipment.

Similarly, a worker in General Motors Corp.'s precise maze of conveyors which forms its Willow Run Chevrolet assembly plant near Detroit is able to balance wheels for Corvairs expertly by reading a code of colored lights on an automatic tire-inflating machine. In the adjacent Fisher Body Division of General Motors, an automatic spot-welding machine welds together the front of Chevrolet bodies. To operate this automatic equipment properly requires little previous specialized training.

In Marion, Ind., white-gowned women push buttons on a semi-automatic line which enables them to mass produce extremely complex color television tubes for Radio Corp. of America. Without such cost-cutting production facilities, it is all but unthinkable that color television sales would have taken off as they have this year, providing jobs for many of the more than 10,000 workers at Marion and other Indiana and Pennsylvania cities where RCA makes its sets.

How automation saves jobs

And technology preserves jobs, too. One such instance is at Pima Mining Co.'s open pit copper mine near Tucson, Ariz., where new mining techniques and equipment will prolong production an additional

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SATURDAY, JULY 10, 1943

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Son-in-Law Is Held for Murder In the Death of Sir Harry Oakes

Alfred De Marigny, Who Secretly Wed Daughter of Wealthy British Baronet Last Year, Is Arrested by Police of Nassau, Bahamas

Munda Is Hit By Warships And Bombers

100 Planes Deal Heaviest Blow of New Campaign to Solomons Japanese

More U. S. Troops Nearing Airdrome

American Airmen Beat Off 15 Zeros Trying to Raid Rendova, Down 1



Axis Planes Resist Allied Landing Force

Troops Land on Western Tip of Island, Storm First Line of Defense

Invasion Preceded By Aerial Assault

Eisenhower Tells France It's the First Stage in Liberation of Continent

...but it never made the headlines.

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MACHINES AND JOBS

continued

20 years by making low-grade ore economical to process.

American industry, with the help of advancing technology and automation, is thus reshaping the country's economy by providing new jobs for many and creating openings in new occupations for others who find little demand today for their skills.

Labor union officials in their Washington headquarters recognize the value of automation to the nation's economy. But they argue that the new job patterns downgrade the skills required by men on many production-line jobs.

"Take a millwright," argues Mr. Goldfinger. "There is now less need for a topnotch millwright to do specialized repair work in a plant. There is a general dilution of skills. He has to be more of a jack-of-all-trades, master of none. If you talk to a worker, he is unhappy because he is no longer a highly skilled man in one trade."

But, say the union men, if automation lessens the need for high skills, it increases the responsibility of the worker running or working with a new machine. Therefore, they contend, employees working with this equipment deserve higher pay to match their responsibilities for a costly machine.

Business, of course, is giving greater and greater attention to the human problems involved in automation's impact on employees.

Increasingly, companies are retraining workers due for replacement by automated processes, offering them employment at company plants in other cities, providing reemployment aid for workers who choose to leave, enabling older workers to retire earlier than normal and, whenever possible, letting attrition take care of any necessary job reductions by failing to replace workers who quit or retire on their own. The result is an easing of the transition and, in most cases, employment for the workers involved.

Ford Motor Co.'s Malcolm L. Denise, vice president for labor relations, boasts, for instance, "We have found it impossible to identify any group of laid-off Ford employees with unemployment that is attributable to automation as such."

Reports Joseph L. O'Brien, vice president for personnel relations of the Air Transport Association of America, "One of the nation's major airlines has adjusted success-



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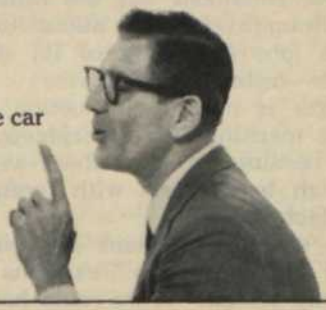
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FORD
AUTHORIZED LEASING SYSTEM
FALS

RIDE WALT DISNEY'S MAGIC SKYWAY AT THE FORD MOTOR COMPANY PAVILION, NEW YORK WORLD'S FAIR

FORD DIVISION Ford

fully to its automated passenger reservation system through the process of attrition. The instant the system went into operation, the jobs of about 1,000 reservation clerks and 85 supervisors became obsolete. But not a single individual lost his job in the changeover. In fact, since the adoption of the new computerized reservation system, the carrier has more people on the payroll than before the system was installed. This is because business has grown so fast—partially because of automation—that new jobs have been created."

Not all companies are able to give their displaced workers that painless treatment but the Singer Co. dramatizes how automation means jobs for many of its employees—instead of the reverse.

Singer is halting production of sewing machines at its Bridgeport plant because its costs there were too high to compete with foreign manufacturers.

"In effect, the plant is being closed by automation," explains a company official. "If we could have automated sewing machine production, we'd still be making them in Bridgeport. We have to go into a different line of business, instead."

The new line of business at the plant is production of a wide line of electronic test devices and similar equipment which can be produced with more or less automated processes. One production aid is a small television set which an assembler watches and controls. It tells her when to take what steps in order to assemble an elaborate electronic device.

Some sewing machine workers have transferred over to this kind of work.

Many other workers lined up jobs with other manufacturers in the region who set up recruiting offices in the Singer plant at the invitation of Singer's management.

Many are too smart for the job

And a number of other workers will take the opportunity to break away from their old trade into new work which may mean even better opportunities for them.

Dr. V. Donald Schoeller, president of the Foundation for Re-Employment, an organization helping Singer place its discharged workers, asserts that studies show 75 to 80 per cent of employees in industry have talents greater than they need for their job.

But these workers refuse to seek jobs which make use of these additional abilities until forced to when automation eliminates their jobs. The organization's experience finds that 30 per cent to 40 per cent of workers who lose their jobs to automation wind up changing careers by switching to new types of occupations with other employers.

Such a man is a 52-year-old machine operator for Singer who, over the years, had picked up a talent for making and designing tools. The closing of the Singer operations put him in line for a job with another industrial firm as a tool designer for about $4 an hour compared to the approximately $3.50 an hour he has been making under the title of machine operator, reports Dr. Schoeller.

"Individuals today shift more frequently from one job to another than in the past," points out Martin R. Gainsbrugh, vice president and chief economist of the National Industrial Conference Board. "Increasingly this shift is to a better job as vacancies multiply from the intensification of research and the accompanying acceleration of product innovation and product improvement."

Some forecasters believe today's new generation will change careers three times during their lifetime.

A prime example of what Mr. Gainsbrugh is talking about has been happening over recent years at the Indianapolis plant where Western Electric makes practically all of the telephones used by the Bell System. At the request of NATION'S BUSINESS, officials took a close look at how technical advances have changed individual jobs in that factory.

Their findings: Over the past 10 years, machines have taken over many of the menial jobs in the plant. Jobs in which men used to drop rivets in holes or put a bolt through two pieces of metal before passing the assembly along for the next man to tighten have now been taken over by machines. Materials handling has also been largely mechanized.

Men who were doing these basic tasks—and there are many—now have mainly progressed to such jobs as inspector, operator of a battery of machines or troubleshooting repairmen. Total employment has risen, shooting up to 9,000 workers from 6,500 in the last 18 months, despite attrition whenever new automation procedures took over.

Significantly, the average overall wage in the plant is now considerably higher than it was before automation. Part of this wage rise is due to the general upward push of pay—but not all—say officials. A major part of the increase comes from the general upgrading of jobs as menial tasks have been automated and individuals have moved ahead in job classifications.

Company officials say it is impossible to pinpoint which or how many workers have moved into better-paying positions because of automation. Many men would have advanced through the regular escalator of seniority, experience and old-fashioned initiative whether or not automation was present. But, say the men on the spot, there is no question but that automated equipment enabled men who may have been in a rut doing menial jobs to try for better, more skilled jobs that opened up on the new machines.

White collars by '75

This is the kind of change going on in factories across the nation. One indication of what it means to workers in the future comes from the U. S. Department of Labor. It estimates that by 1975, nearly half the nation's employed persons will work at white-collar jobs while the number in blue-collar, laboring jobs will shrink to about 33 per cent. As recently as 1956, these two types of employment ran neck-and-neck at just under 40 per cent.

If white collar—managerial and desk—jobs are as desirable as most people consider them, this means an improvement of the lot of the individual worker as the economy automates.

Industry and government are also trying to get a clear look at exactly how automation is changing the economy and jobs in general. A start will come when the National Commission on Technology, Automation and Economic Progress reports on its recent studies at the end of the year. Perhaps the farthest-reaching study, however, is a $5 million, 10-year look at the impact of automation being undertaken by Harvard University and financed by International Business Machines Corp., a firm in the forefront of automation and computerization.

What these studies find is certain to be significant. But none of the outcome will be so important as the fact that automation and technological progress today are bringing a more prosperous economy and better jobs for more workers. **END**

continued from page 37

Spokane official once favored federal renewal; close look changed his mind

made him a diligent student of municipal finances—his own and others'.

Study of the federal government's own figures, he says, proves that many cities receiving urban renewal aid from Washington are perfectly capable of paying their own way and, in some cases, are free of any debt.

In fact, he argues, some cities now pulling in millions in urban renewal assistance couldn't demonstrate a real need for the money "if an objective needs test were applied."

Bloomington, though rapidly growing and potentially eligible for federal money, has no federal urban renewal projects and doesn't want any, according to its 49-year-old mayor. He proudly points to the 22 schools built in Bloomington since 1950 and the fact that the city has met all of its local commitments through bond issues since that time. The city's physical layout embraces everything from farms to factories and industrial parks.

Mayor Hasselberg's review of urban renewal in other cities has convinced him that delays and red tape are more often the rule than the exception when a community decides to go the federal route. "More important," he continues, "is the appalling misconception on the part of many people that money they get from Washington is 'free.' They overlook the fact that Washington hasn't got any money that it didn't get from the people in the first place. And they overlook the fact that when this money is doled out to rich and poor communities alike a very inequitable financial base is laid. There are going to be some cities—a major Midwestern city comes to mind—that are going to get far more than they deserve."

With the attitude of "everybody's doing it" so widespread, why should any city, well-off or not, refrain from seeking federal dollars? Mayor Hasselberg answers his own question: "I believe those able to pay their own way have a moral responsibility not to go after Washington money just because it is there."

He believes big-city politicians must shoulder much of the blame for the mushrooming growth of the federal urban renewal program, but is equally severe in criticizing smaller city mayors and officials who refuse to speak out in defense of the self-help principle.

Bloomington recently put in its own water and sewer system, a project that meant tearing up 200 miles of local streets, without seeking a cent of federal money.

Pomona, Calif., businessmen finance the city's face lifting

"The businessmen assessed themselves and paid for it," says Councilman Benjamin M. Lawing of the Pomona, Calif., shopping mall, completed about two years ago at a cost of $600,000.

"Practically everything we've done has been with private funds and there's a tremendous amount of private renewal going on right now."

The councilman explains why Pomona, which is among the cities singled out by the Chamber of Commerce of the United States as an example of local initiative, prefers to go it alone without federal funds:

"So often when you accept federal money you get everything else that goes with it. They'd try to apply the same standards to Pomona that they apply to St. Louis. It's analogous to trying to paint all parts of a house with one paint brush."

Spokane, Wash., federal aid was killed after a careful look

City Councilman William L. Batt, of Spokane, Wash., was inclined to favor the federal urban renewal program—until he took a close look at it.

That was some years back, before he became one of the leaders of the opposition in a knock-down local fight over federal urban renewal that ended in victory for his side. Spokane's voters went to the polls in 1963 and rejected the idea of accepting federal funds by a margin of two to one.

"When I studied the law and the federal program carefully I was shocked by the number of controls and entanglements that go with Uncle Sam's money," he recalls.

Mr. Batt is the 43-year-old district manager of a national food products company. He was head of a sales and marketing executives group in Spokane when he first entered the urban renewal fray. The fight was spirited: One local newspaper favored the Washington-run program, a second opposed it. There were heated debates on television, in the press and at public hearings.

"The issue got a full airing—which it should get in any city," Mr. Batt continues. "I feel that if voters and taxpayers hear both sides of this issue, they'll choose local initiative over federal intervention."

Spokane has some 190,000 people. Since the special election in 1963 the city and local business have begun a do-it-yourself renewal program. The Spokane River, which flows through the city, has been beautified and a number of older commercial buildings have been rehabilitated.

But admittedly, Mr. Batt says, much remains to be done. Last year the city's voters rejected an $11 million bond issue that would have authorized construction of a new city hall, library, police and fire station complex and other downtown projects.

"We probably tried to bite off too much," the councilman explains.

"Our strategy now is to move in smaller steps. We hope to go back to the voters soon with a less costly bond issue proposition. Some tax help from the state would be desirable, too."

Sentiment for renewal is still strong in Spokane, he emphasizes, and he reads the local pulse as still strongly favoring renewal through local leadership. The aim of the city fathers is to make Spokane, with its great water, power and transportation resources, compellingly attractive to new industry.

"The more cities let Washington solve their problems, the more likely it becomes that at some point in the future they won't have the option of acting on their own," Mr. Batt warns.

Midland, Tex., pressures aid local approach

The threat of publicity exposing those who "profiteer from the slums" helps city officials in Midland, Texas, a town of 65,000 that tripled its population in the last 10 years, in its campaign against urban blight.

Mayor Hank Avery says his city, a comparatively young, wealthy and growing community, has been plagued by some substandard housing. But the city uses its persuasive powers to clean it out rather than letting blight spread.

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orous enforcement policy, and extension of street paving, water and sewer "creates incentive to keep houses up."

But the city has demonstrated a willingness to use a tougher weapon when necessary: When an owner refuses to meet minimum standards, the city condemns the property, clears the land and slaps on a lien which means the property cannot be sold until the owner reimburses the city for the costs of clearance.

Mayor Avery says the city tax department aids in the effort by going after slum owners who are delinquent in their tax payments.

Reno, Nev., mayor inherits federal plan, now wants out

Initiation of a federal urban renewal project in Reno, Nev., was a mistake, according to Assistant Mayor Roy G. Bankofier—a mistake that won't be repeated.

Mr. Bankofier, whose administration inherited the project from its predecessors in office, objects that the project was not geared to the tourist city's needs and that federal funds were unnecessary.

He says the project, for which most of the land has been acquired, was designed for industrial development, although the city already has more land zoned for industrial use than is needed.

Since taking office, his administration has cut the project in half and hopes to rush it through to completion with nonindustrialist development. After that, no more for any purpose. The reason:

"To take federal funds when you don't need to—that's what I'm opposed to. It's the weakness of so many city administrations."

Anaheim, Calif., flatly rejects bid for federal aid

A planning firm hired by Anaheim, Calif., has urged the city to apply for urban renewal funds in Washington, but Mayor Fred T. Krein and his colleagues on the City Council "are not interested."

Anaheim is a community of 150,000 people just 25 miles south of Los Angeles. Among other claims to fame, it's the home of "Disneyland."

Self-reliance has always characterized the spirit in Anaheim, Mayor Krein points out. He doesn't expect this attitude to evaporate, despite surging population growth, rising service needs and some internal pressure for using federal subsidies to modernize part of the city's downtown core.

To illustrate his belief that Anaheim can take care of itself, Mayor Krein ticks off an impressive number of new, locally financed projects: a 45,000-seat stadium under construction and scheduled to open in time for the 1966 season of the Los Angeles Angels; a 6,500-seat convention center now going up, and a new water reservoir under construction. Total cost for all: at least $35 million.

"We haven't reached the limit of our ability to bear municipal debt," asserts the 71-year-old mayor. "I am confident that our local government and private businesses can take care of whatever needs we have without turning to Washington. Anaheim businessmen have already done some urban renewing of their own. We're not against 'urban renewal' per se, you see—just the federal variety. We simply prefer to do it ourselves."

Jackson, Miss., housing will seem key to self-help renewal

Rehabilitating blighted properties, rather than chasing slum dwellers out with bulldozers, is emphasized in Jackson, Miss., under a program launched 12 years ago by veteran Mayor Allen C. Thompson.

The results have been so successful over the years, he says, that Jackson has no need for federal urban renewal funds. "We caught ours in time."

Mayor Thompson says the basis of his city's program is enforcement of a minimum housing standards ordinance by city inspectors who examine property on their own initiative.

This is unlike the case in many larger cities—including some getting federal funds—where inspection is a sometime thing performed only in response to complaints.

With slum landlords, says Mayor Thompson, "I throw my weight around a little bit."

But with owner-occupants of rundown homes, "We hold off as long as we can, try to play ball with them." The city enforcement is flexible, giving residents a chance to make improvements gradually and within their means. "We don't do anything that's going to break anybody."

The banks go all out, he adds, in making loans available to bring homes up to standard and keep them that way.

Mayor Thompson recalls that 57 properties were acquired by the city, without the need of court action, to provide a street near the state capitol several years ago and development of the surrounding area seemed to blossom of its own accord.

And he says the same happens on a slum street when inspection brings about needed repairs. "You improve some [properties] in a neighborhood and the rest of the people want to improve theirs."

Housing improvements, without subsidy from federal, state or local funds, lead to somewhat higher rents, says Mayor Thompson, but this is minimized by the availability of low-income housing in the city and current construction of additional units.

Studies in other cities have shown that residents displaced by federal urban renewal often end up paying more for rent, too.

Slum abatement in Jackson has had an additional dividend, according to the mayor. "It wasn't designed with this specifically in mind, but it has served to keep down racial tension."

Orlando, Fla., alternatives keep federal hands off

How can local leaders kill a federal urban renewal project proposed for their city?

"The way to go about it is to present an alternative plan that will accomplish the same thing."

This was the approach followed by City Commissioner John B. Newsom of Orlando, Fla., whose voters dealt a 2-1 defeat to an urban renewal project last fall despite a powerful pro-renewal coalition of press and public figures.

Commissioner Newsom says he and a "double handful" of do-it-yourselfers had a tough job trying to "refute the glowing claims that come out of Washington. The field is flooded with federal publications."

Then, too, renewal advocates, armed with fancy charts, maps and brochures and financed by federal planning money, were dishing out propaganda to the effect that the federal program would stimulate $100 million in private investment in their central Florida city of 100,000 population.

The mayor and one commissioner were in favor of the project, as were a number of nongovernmental community leaders.

But Commissioner Newsom and two other commissioners argued that Orlando's slum problems were a local, not a federal, responsibility; city taxpayers would be forced to subsidize the profits of private devel-



Businessmen assessed themselves to construct the new shopping mall at Pomona, Calif., asserts Benjamin M. Lawing, a city councilman opposed to federal renewal.

PHOTOS: GENE DANIELS, BURTON MCNEELY, MATT HERRON, ROBIN LLOYD—BLACK STAR

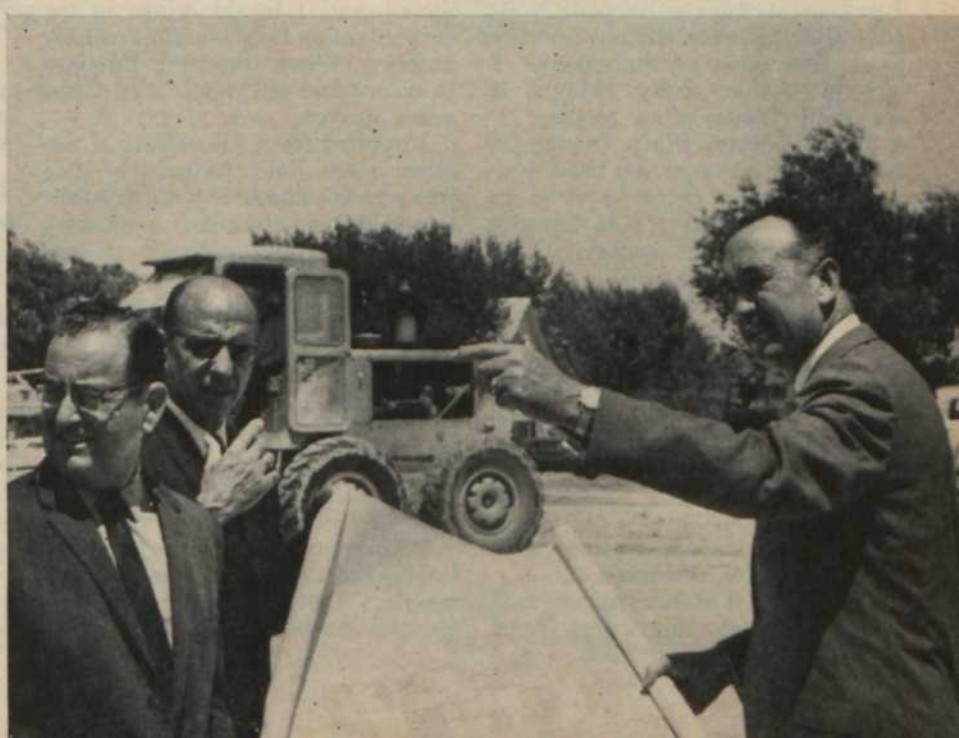


Orlando Commissioner John B. Newsom headed fight that defeated urban renewal by a 2-1 vote in last fall's election. The city now pushes stepped-up program of enforcing housing standards code.

City of Jackson, Miss., has pursued successful efforts at rehabilitating homes for more than 10 years under long-time Mayor Allen Thompson.



Midland, Tex. stresses public improvements in blighted areas, clearing buildings only when the owners balk at repairs, says Hank Avery, the city's mayor (right).



WE'D RATHER DO IT

continued

opers; massive and drawn-out clearance would erode the city's financial base; private property owners who let their holdings deteriorate should be the ones to fix them up.

As to the area planned for the initial project, they asked: "Who the hell are they doing it for? Not the people in the area."

Many residents of the project area—a high proportion of Negroes who bitterly opposed the project—were paying rent of around $40 a month. The rent of proposed replacement housing would run twice that cost.

And they cited the experience of other communities, as reported by Martin Anderson's book, "The Federal Bulldozer" (see "The Truth About Urban Renewal," NATION'S BUSINESS, January 1965).

But Commissioner Newsom cites this clincher: Not long before the November election, when urban renewal was on the ballot, his side secured a public pledge from the vast majority of owners whose property was to be taken that they would comply with the city's housing standards and undertake such improvements as sidewalks and street paving. This was coupled with a pledge that the city would enforce building standards, flexibly yet firmly, cooperating in the rehabilitation effort. When the votes were counted, the federal project was killed—16,000 to 8,000.

Orlando sent observers to Jackson, Miss. to study that city's 12-year-old rehabilitation program for ideas that could be applied in Orlando. (See the comments above of Mayor Allen C. Thompson of Jackson.)

The Orlando program is now under way and the results are already visible, says Commissioner Newsom. "I mean they're damn nice houses when you get through."

He tells NATION'S BUSINESS: "I believe this firmly. If communities could hold a referendum on every urban renewal project—and give the people the benefit of the experience of other cities in urban renewal and the facts of what it would accomplish —they'd vote it down."

All too often, he adds, a city's adoption of urban renewal is like "joining the Capone mob or the Mafia. Once you're in, you can't get out. One project leads to another and one administration inherits the program from the last. It's hard to break the daisy chain."

END

LESSONS OF LEADERSHIP *continued from page 42*

force of having been so poor. I just didn't want to be poor.

The drive to escape poverty?

Well, to amount to something. My father died when I was young, so I had to be pretty self-reliant if I wanted anything to happen. Now, why didn't I just fritter my life away like some of the others? I wouldn't know, really. Maybe it was the influence of my mother.

The important thing, though, is not so much whether you know why your men have drive as it is to know how to use it. It benefits them, it benefits the company. You care about the man who doesn't develop to his fullest potential because he's a cost to the company; but you care more about the man who thinks for himself and gets a job done because he's the fellow who makes the company go.

What do you do when you find such a man?

Give him a chance to grow. If he has self-reliance, it'll come out.

I can go back, I have always had to work from the time I was about 10 years old—odd jobs, of course. I remember that when I was at the university I applied for an Easter job selling shoes in downtown Chicago.

I was afraid of myself. I was very small—smallest in the class in high school—and I would cringe in the corner hoping they wouldn't call my number. When they did, I'd have to go out and sell shoes. And I was not a success.

I applied for a job selling at another store, and fortunately this was a men's store. It's much easier to sell to men than it is to women. And I was able gradually to sell. When I had a little experience I built my confidence, and so I sold shoes week ends; and after I sold on commission I didn't want salary because I made much more money on commission. But I had to work at it.

What else did you look for in picking people for management jobs?

You determine a man's potential largely by watching his handling of people. Test him. See how he handles himself.

We would make a certain amount of horizontal changes in responsibility, move a man over to another division to find out whether his performance was a pattern of the group or whether it was the leadership he gave.

There have been any number of times when you move people to the top and find they aren't capable of making that jump.

Can you suggest a good way to test people in advance?

One way is in civic activities. There they have to help set a goal, organize work, and they have to work through people and believe me it's quite an interesting test.

I know examples where people have fallen down on that and as a result, after analysis, we have eliminated them from the picture. I have other instances where we moved men forward because of what they have shown in civic work.

You see, you take them out of their regular place of work with people they are accustomed to, and you throw them into different surroundings, with different problems and you see if they have—well, there is a phrase for it—you see if they have boiler pressure to get the job done.

By the way, this adds up on the plus side for the company in practical ways. It helps the image of the company in the area, for example, because our people are taking part in community activities, being good citizens.

You constantly do things to build good will and friendship for the corporation. This is just good business practice.

Mr. Hall, let's go back to your beginning.

I was born in Harvey, Ill. My parents were in transit from Indiana to Chicago; they stopped off with friends and I was born there.

I finished high school when I was about 16 and worked a year and a half in real estate and then borrowed money to go through school—the University of Chicago.

What was your first job after graduation?

Bookkeeper in the Union Stockyard in Chicago. I worked there about a year and went back to a real estate firm where I'd worked before college. Then I joined a mortgage company and that was a whale of an experience.

The president borrowed securities, put them up for personal loans, absconded with the funds and I















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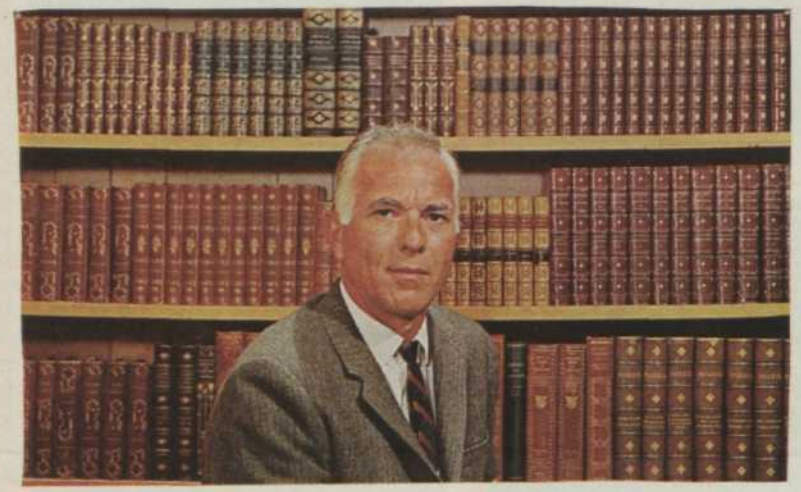
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spent about two years liquidating the company.

What else did you do?

Oh, I had charge of the land valuation of all Cook County and then I joined the Continental Illinois National Bank and brought together all the real estate interests and organized their real estate department. I joined Kroger in 1931.

That was the turning point of your career?

Well, around 1934 they decided they might experiment with some people who were not brought up in the cracker barrel tradition and see what they could do in the management operation. I was chosen as the white hope of the non-cracker-barrel people and given a training course, supposedly one year but it was culminated at the end of six months. I was given the responsibility for the St. Louis operation, which then was one of the most profitable.

You made it more successful?

We beat every record they ever had.

How did you do it?

Well, through people.

What specifically did you do? Can you give some examples?

I tried to get people to prove to their own satisfaction that what they did was right.

I would tell them that they should, a couple times a year, pretend they are a new man on the job. All right, one of the first things you do is just go through your desk and look at the files and clean them out; and everything that crosses your desk, you question: Why?

It's rather difficult for a person on the job to put himself in that frame of mind, but if he can go through just the actual motions, it can help. If it was a sound thing to do, based upon analysis, we continued to do it. If it wasn't, we'd do something else.

Never take things for granted. I don't believe in tradition unless tradition is sound.

How do you determine if an idea is sound?

Ask enough questions. The man will usually answer it himself if you ask enough questions.

I didn't know the business. We



"I don't believe in tradition unless tradition is sound," says Kroger company's Joseph B. Hall. "In a business where you have a large number of units, you can experiment with new ideas. If they work one place, try them out elsewhere."

tried things. You have one advantage, of course, in a business such as ours where you have a large number of units. You are able to experiment. If an idea works in one case why shouldn't it work in another? And it is just taking the good ideas of your people and stimulating them to bring forth their own ideas, trying them out. If they work, try them out somewhere else.

How would you get ideas yourself?

I think a great deal of it comes from reading. There is a good book —although it's an older book now— on the strategy of handling men. It teaches by a series of examples in the lives of famous people. I have read that half a dozen times, as compared with some of the deeper, more studied presentations by eminent psychologists—which don't mean a great deal to me. This book —"The Strategy of Handling Men" —has language you can understand.

Here's another—"You Are in Charge," by Ford Bell, chief executive officer of Red Owl Stores. These are memoranda that he sent out to his organization, and there are some very sound philosophies in it.

This type of book stimulates thought and that's what I tried to do with my organization—get people thinking and trying.

You seem to know a great deal about your stores, their location and their competition even though you have 1,450 stores. How do you keep all this in mind?

I'm what you call a stores man. I visited more stores than any other president.

You can't sit at a desk and run a retail business. So when I visited the various towns I spent most of my time out in the stores, for two reasons. First, you see what is going on, and second, you build a certain personality into the company, because when your company is large it becomes very impersonal. I tried to make it more personal.

I can remember a little town in Mississippi where the meat-cutter behind the counter said, "I have been behind this counter for 16 years and this is the first time an officer of the company ever came to visit me."

I get Christmas cards, still get them, from store managers I'd go out and see.

Did you ever go in unannounced, pretending you were a customer?

No, as a rule not, because I have always worked on the theory that when the president visits the division they always get ready for him. That's one way of getting the stores all cleaned up.

And we usually josh them about it. I'd always apologize to them for having to stay up all night getting the store ready.

Is it true that you sometimes went into a store, put on an apron and worked?

When I was what we now call a regional vice president I would get into a store with the district manager and find that he had some— well, too many watermelons and that he wasn't doing anything about it. So we'd help him build a display, fix them up.

But you only do that once for a man. If he didn't do it himself next time, you hire somebody else. But we had them to sell and, therefore, I was perfectly willing to pitch in and get them sold.

So as vice president you actually did things in stores?

Division manager then. They are now vice presidents. That's one thing we did for these people. We gave them the title of vice president, which gave them status.

It was strange, when they were just branch managers, they were not asked to serve on boards. As vice presidents of the different divisions they were asked to serve on bank boards and other company boards. The title gave them status.

Can you recall some other ideas that you tried out and that have worked well?

Oh, what you could call "single management" in a store. The original setup, of course, was to have a meat department under a meat manager, a grocery department under a grocery manager.

And you'd have a meat supervisor and a meat superintendent, a grocery supervisor and a grocery superintendent, two complete lines of authority.

To go back in the St. Louis days, we had the small stores that couldn't stand the double management, and so we put in a single management. That was the first concept of having just the one manager in the store, and then we recognized the soundness of just having one person responsible for the over-all store and moved in that direction.

Some companies still have these two lines of responsibility, although most of them have gone to one manager. The principle there, of course, is to bring them—well, to have co-ordinated operation and to bring them as close as possible to being an aggressive independent running the whole show himself, and giving the manager responsibility for the whole picture.

What role would you say store location plays in its success? Could a good manager run a good store in a bad location?

Location is all-important, just like personnel is all-important.

How do you pick a location?

You automatically get information from census tracts to find out the number of people in a particular area. You usually outline what you think is the trading area of a particular store. In fact, we run them by quarter-mile zones. In other words, the number of people in the first quarter mile, the half mile and the three quarter mile, the mile, and then beyond that. And based upon analysis of stores that we have we can estimate the percentage of customers that we probably should have in that area, depending again upon the competition.

You then take into consideration the level of purchasing of the people of low income or high income, and that would give your sales potential in that particular area; and based upon that you would determine the size of the store.

Convenience is important. There are instances where you just double the size of the parking lot and increase your business considerably. Also, you may pick up 10 or 15 per cent just because you're in a certain kind of shopping center.

What other elements figure in a store's success?

General acceptance in a community. Carrying your share of the civic load. Of course, your advertising is important, and the fact that you aren't out of stock.

Friendliness is very important. In some divisions they have had name-calling contests where the people are given a prize for recognizing the most customers.

Mr. Hall, what would you say have been the most profound influences in your life?

Surely my mother, who is still living, by the way. She's 90 now.

But lots of people have influenced me. I mentioned this old boss of



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LESSONS OF LEADERSHIP

continued

mine. He taught me many important things. Let me tell you about him.

I remember once he accepted an assignment to talk at a civic group. It was on taxation. I was working on taxation at the time. Then he told them he was sick and he sent me. He did it with malice aforethought. He never intended to keep that date; he wanted me to go.

Well, in the middle of the speech I just went dead. But we had a good chairman and he asked questions. I knew the subject and kept going. After that I talked at other places on the subject, sort of became an expert on taxation at the time.

Why did he do it that way?

To develop me, train me. If he'd asked me to make the speech in the first place, I'd have wriggled out of it and he knew it.

He wanted me to grow so he tricked me into doing something I hadn't done before.

Well, that's one contact I had during my formative years, and probably it's the people you know who shape your outlook and set you on this course or that.

Who are some of the other people who made a lasting impression on you?

Well, Amos Alonzo Stagg.

When did you know him?

At the university. He was coaching track at the University of Chicago at that time in addition to football.

Were you on his team?

On the track team. I was only 118 pounds. Four-forty and hurdles, and one year I was national AAU champion, 1922.

What kind of impression did Alonzo Stagg make on you?

He was more interested in developing people than winning the game, although he wanted to win, too.

I will give you an example. There were three of the team down at the Inman Hotel at Urbana, University of Illinois, for a dual meet. Two of them were smoking. He came in the room. He smelled the smoke, and he said, "Who's smoking?"

One of them said, "I was." The other said he wasn't, but by ques-

(continued on page 88)



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- Career confusion and indecision.
- Distortion of job objectives.
- Misjudgment—that produces the right action at the wrong time.

To say the capable man who operates below his capacity is just undermotivated is far too glib an answer.

Conversations with personnel experts, particularly those concerned with the employment of executives, reveal a more specific diagnosis.

Paul H. Kiernan, managing director of Kiernan & Co., personnel consultants, says, "I've seen a lot of capable people who failed to get ahead because of an ailment that may be called career indecision. In my experience the symptoms are unmistakable. The individual, although impressively qualified, fails in his job. When you talk to him you eventually get to the real reason. The man feels he's in the wrong job or with the wrong company or may even think he belongs in an entirely different profession."

It's not unusual for a manager to have doubts about himself and his professional future, but such hesitations may arise from different causes. Temporary career dissatisfaction is not career indecision.

It's perfectly reasonable to become dissatisfied with one or another aspect of a job. One's salary is seldom high enough. There's always one colleague—or it may be one's boss—who makes life less pleasant than it might be. And in the world of work not all assignments are plums. The man who feels he's been stuck with an unpleasant task may be permitted a feeling of discontent.

Such upsurges of negative feeling, however, usually are relatively short-lived.

As a matter of fact, John Handy, also well known in the executive search field, speaks of "cyclical restlessness." This he describes as "growing out of boredom, an edgy home situation or some chafing in a job relationship." The result is the individual has an impulse to "get out of there."

Career indecision, however, is a decidedly different phenomenon. For one thing, it exists at a deeper level of feeling. For another, rather than being temporary, it is an ever present obstacle to constructive thought and action on the job.

Career indecision may be difficult to diagnose. After all, it is only one of the possible causes for performance failure. Accordingly, the first thing to be done in attempting to diagnose is to rule out other such obvious possibilities as incompetency, improper training, family worries, poor health.

Once these are ruled out, one may make a more positive identification. In the last analysis, it is only the individual victim who can sufficiently clarify his own feelings and firm up the diagnosis.

The person who is disabled by career indecision is typified by the employee with considerable experience both as a salesman and as a sales manager. "In your next job," he was asked, "would you like to continue as a sales manager or get back into selling?" He thought for a moment and said, "Neither."

"But suppose you could have any job you wanted?"

"I don't know what I want to do," was the reply.

Managers in their forties and over frequently fail to have a satisfactory answer to a basic career question: "What do I really want to do?" Here are some of



Problem executive.

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Discard childhood fantasy.

the possible backgrounds that lead to indecisiveness about career goals:

The fed-up feeling. The victim sees a job as a rat-race. Regardless of what virtues it has, he is aware only of its pressures or its continuing frustrations.

The childhood dream. In their teens, most people develop inordinate ambitions. They see themselves and their futures suffused by a rosy glow of accomplishment. They see no particular problem in out-Henry-ing Ford or out-Thomas-ing Watson.

As we mature, most of us outgrow these fancies. The world takes on a more realistic light. But in the case of the individual suffering from career indecision, maturing has not taken place. Still living in the dream world of childhood aspiration, he views any accomplishment as inadequate. In such a situation, the individual is bound to suffer from disappointments—no matter what he may accomplish.

The campus hero. "I was top man on the campus at old State U.," reminisces one unsuccessful manager. "Those were the great days. It's been downhill ever since."

Outstanding accomplishment in school that is not continued in the working world can damage a man's self-esteem. He suffers from career indecision because he cannot adjust to his disappointing status in a world with different standards for accomplishment.

The South Sea Island fantasy. Some individuals daydream about a languorous land where the living is easy and they are lords of all they survey. If they could only kick over the apple cart—this usually includes wife, financial problems, the job—and make it to the gem-like isle, all life's problems would be solved. If the daydream is strong enough, everyday realities are bound to be unprepossessing.

The best way of dealing with career indecision is to keep it from getting started. A series of questions asked early enough and repeated from time to time can go a long way towards prevention:

Is there any job or profession I would rather be in than my present one? Don't kid yourself on this answer and rule out responses such as, "I'd like to have my boss's job" or "Any job that will pay me twice as much."

Do I have a clear-cut idea of where I'd like to be in the next two or three years?

Is this career goal realistic in view of education, experience, skills, achievement and so on?

What steps have I taken to make my next career move not only possible but likely?

What more can I do?

Am I doing the one thing that is usually the strongest guarantee of advancement—scoring a positive success in my present job?

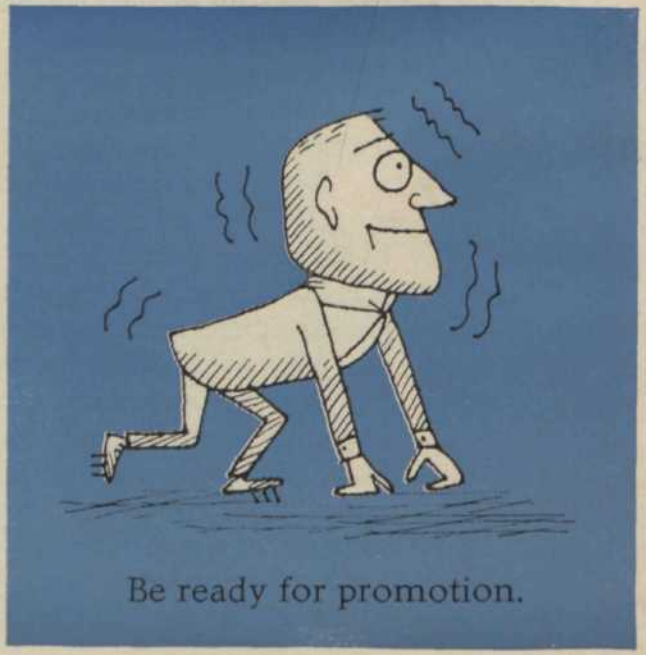
The importance of facing reality is shown by studies made by the Foundation for Re-Employment, a nonprofit organization that some companies call in when they are forced to separate people due to mergers, automation, or other cost-cutting programs. Seventy to 90 per cent of the people trained by the Foundation find their own new jobs within 60 to 90 days, but as much as one third of them shift to new careers—the self-analysis the Foundation puts them through convinces them that they have been in the wrong job all along.

It's fine to be attracted to functions where the money is or action is. Yet, not everyone has what it takes to be a good marketing man or finance officer or director of research and development.

And too many promising executives fall by the wayside because they assess wrong values to their career targets, suggests Paul H. Henson, president of United Utilities and the U. S. Independent Telephone Association. "The future belongs to those who can contribute something of value to their companies."

Distortion of objectives

Industrial psychologists have pointed out that the ability to define an objective is a major element in the pattern of successful executives. The converse is also true: "In many cases, inability to zero in on career objectives explains below-par achievement," points out Sidney Friedman, chairman of the board of Meadow Brook National Bank, which operates 66 branches



Be ready for promotion.

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Gone are the days when an industrial plant or warehouse was just a hulking, functional structure, unpleasing to the eye. Thanks to the Armco Building System, industrial buildings *can* be attractive as well as functional, at modest cost.

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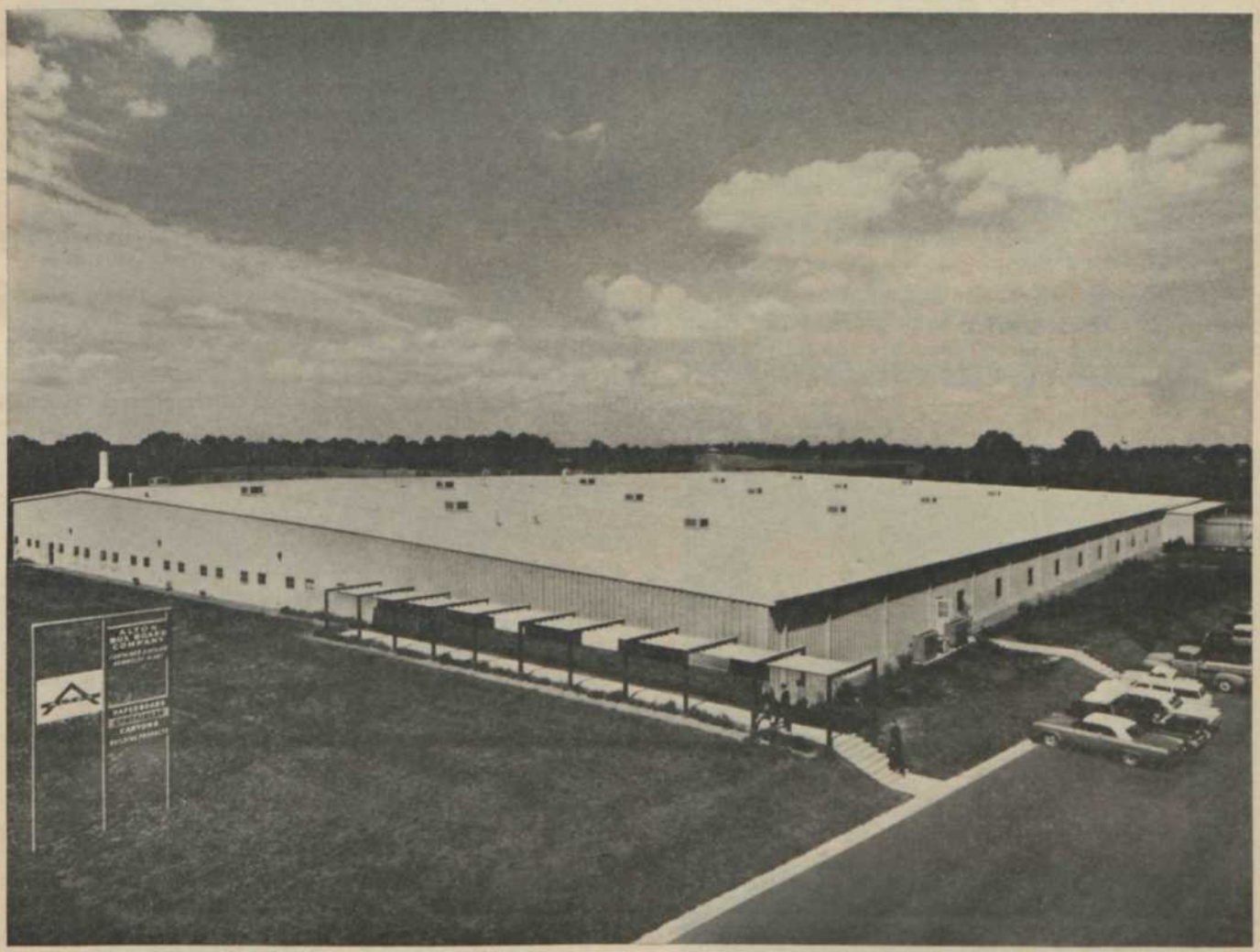
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New plant of Alton Box Board Company's Container Division at Humboldt, Tennessee. This Armco Steel Building is 300 by 398 feet. Main entranceway is native stone and glass with porcelain enamel panels under the STEELOX Canopy.

in the greater New York area. Here are some of the situations that indicate the existence of distortion of your career objectives:

The wrong promotion. A particular promotion may be sought too early or too late in a man's career. He may aim too high or too low. In short, he has set his sights on an inappropriate "next rung."

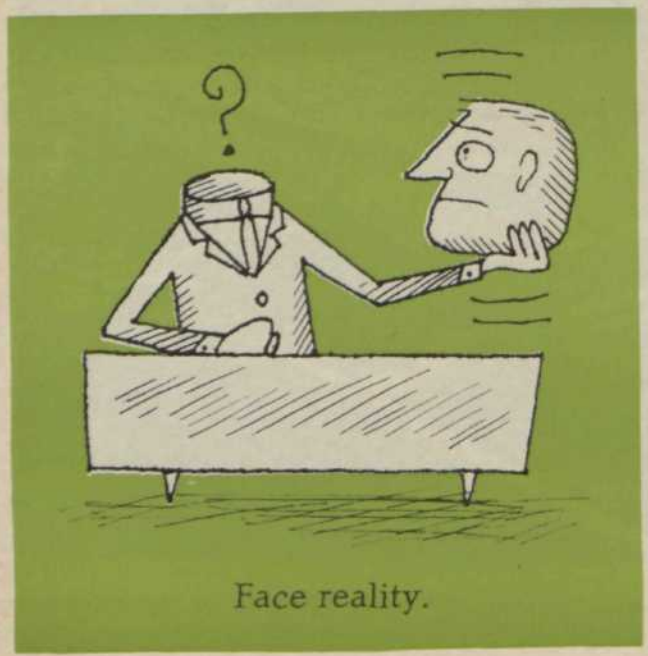
One example is the eager beaver who sets out to leapfrog straight to the top. He probably lacks the experience and the ability to hold the job, even should he get it. He's probably underestimating the capabilities of competitors closer to the throne, who are more logical choices. And perhaps without the backing of certain key individuals—members of the board, veteran members of the policy-setting top echelon group—he lacks the power platform necessary to win the prime spot.

Or a manager may set his sights too low. He may be satisfied with routine raises and methodical advances which are more the result of inertia than initiative.

"A successful promotion usually must be thoughtfully planned and prepared for on both sides," says James M. Jenks, president of Alexander Hamilton Institute. "The company should preplan the promotion, but equally important, the man himself should plan his promotion strategy in advance. It is his responsibility to be gassed up and ready to go when each of his promotion opportunities presents itself."

Shortsighted triumph. Sometimes a manager exaggerates the importance of a target simply because he can accomplish it easily. This type of distorted perception can pop up in many guises.

Some men try to look good in a hurry. One businessman attends a meeting at which a serious problem of sagging production has been discussed. He decides that over the week-end he'll prepare a detailed analysis that he'll submit not to his boss, but to the general manager. He knows bypassing is risky. But he feels his victory is worth taking a chance. Comes Monday morning and he slips his carefully bound 25-page analysis of the problem on the manager's desk. Later on, the general manager thanks him for his "thoughtful report." But his boss never forgives him, and even the general manager keeps him at arm's length thereafter.



The missed challenge. "They're not going to send me to Siberia," you tell your wife. "They picture it as a promotion, but the last man to have the job quit after a year. My chances will be nil in the sticks."

Your analysis may be correct. On the other hand, if the job in the sticks is a bona fide opportunity to show what you've got on the ball, you may commit a major error in career strategy not to take it.

There are two fast tests to assess the situation.

If there is an actual opportunity for an energetic and ingenious manager to show what he's got, then an assignment in "Siberia" may be the best possible assignment.

A heart-to-heart talk with the superior making the assignment should quickly establish motivation.

Comments management consultant Robert Sibson: "Many of the so-called people problems of business are caused by the fact there is too little direct, honest communication between people—or too much of the other kind."

Status versus accomplishment. This particular kind of target distortion is common among the inexperienced. The young executive often values status higher than he should. Accordingly, he will devote inordinate amounts of energy in winning evidences of status—anything from a larger office to a prestige assignment. But today more than ever before, executive performance is given weight over other qualifications such as school tie, appearance, personality and so on.

Rex Vivian, of Ward Howell Associates, Inc., a spokesman for the Association of Executive Recruiting Consultants, points out that increasing precision with which corporations and their executive recruiters select and evaluate management people leave the executive only one solid rock on which he can build his career, and that is his ability to get results.

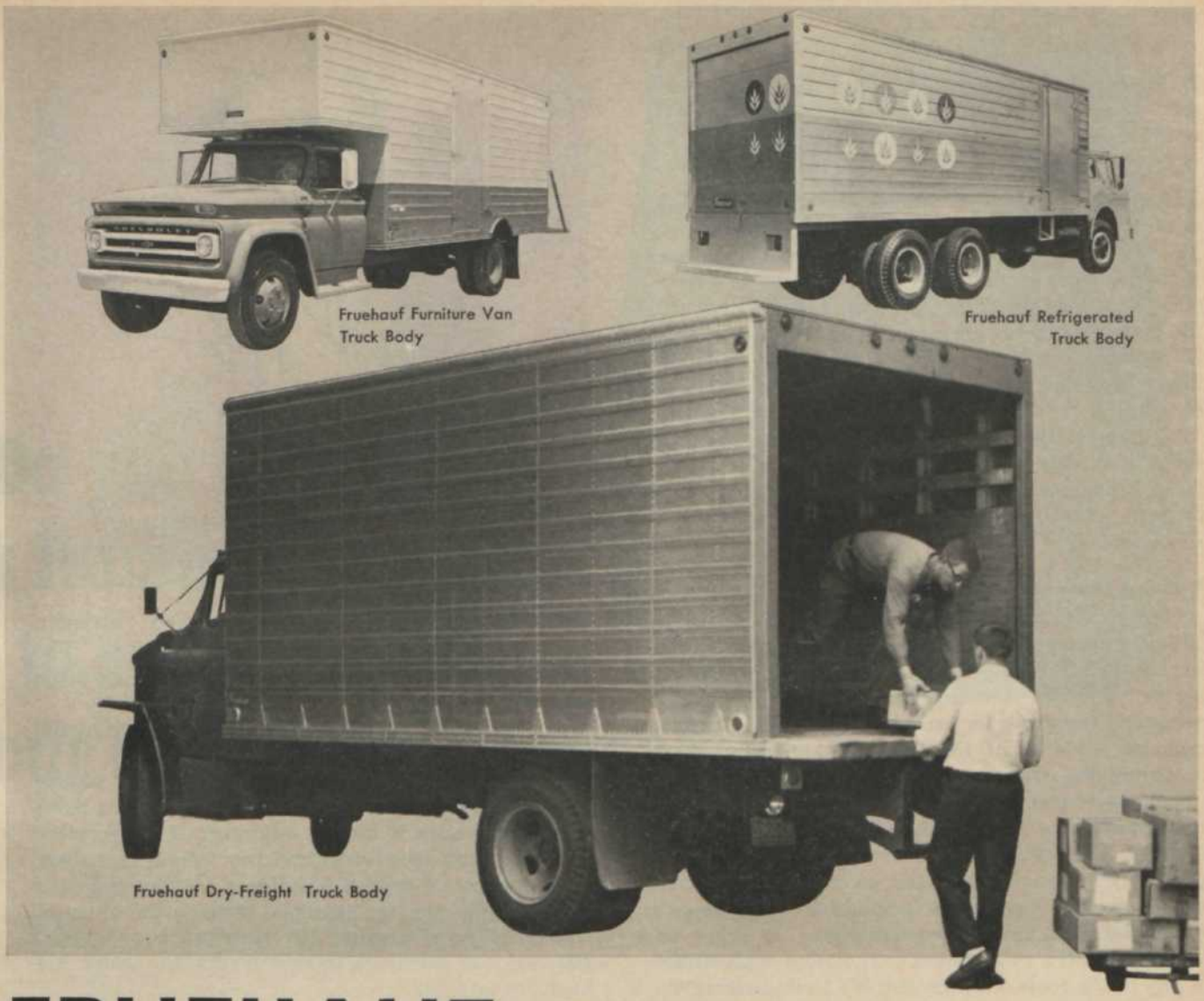
The executive who gets to know the right people might be ill-advised to abandon such efforts. But these days it makes good sense to at least match status-seeking efforts with equal energy expended in doing the best job possible.

Dead-end unawareness. "It's shocking," observes one career counselor, "to see how many men are in dead-end jobs without knowing it." Many executives turning in a good performance have the fond expectation that one day their efforts automatically and inevitably will be recognized by a deserved promotion. Trouble is, there is often no place for them to go in their present companies.

This does not necessarily mean that there are no positions above theirs. What is meant is that the hard facts of the situation wall in the man: A promotion he vaguely expects is already sewed up by another. Or, while a promotion or better assignment is theoretically possible, he lacks specific qualifications—anything from personality make-up to education—to make the step.

In general, maintaining clear and effective aim on your career targets requires three elements:

1. Appraisal of capabilities. If you want to be presi-

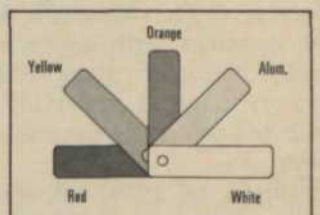


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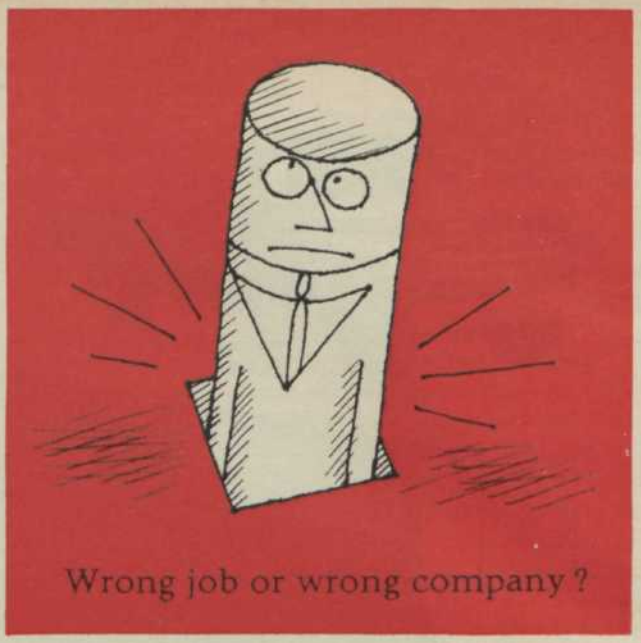
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dent, make sure you've got what it takes. If you want to be head of R & D, check on your qualifications.

2. Appraisal of greatest satisfactions. Don't kid yourself. If you'd make a much happier V. P. than you would a president, you'd be making a serious error to try for the top spot.

3. Appraisal of required action. What must you do or do without in order to achieve your selected career goal? If you want to go into the financial field, and there are gaps in your education, training or experience, you must be willing to take the steps that will fill in the gaps—regardless of time, energy or cash. If you're not willing to take these necessary steps, target distortion has set in—with inevitable likelihood of failure.

Charles A. Berns, chairman of "21" Brands, Inc., sums it up this way: "Analyze your job, don't just do it. Then analyze what it takes to be successful at the next job above your present one that you want to shoot for."



Right action—wrong time

One of the most dangerous approaches to managerial success is adoption of the character stereotype—the hard-nosed manager, for example, or the great persuader. The fact is, each company has its own set of needs and standards for executive excellence. Further, each job tends to call for specific qualities for which a Johnny-one-note approach is not appropriate.

Aggressiveness and persuasiveness should be tools to accomplish a result rather than elements of personality. The well rounded executive can move aggressively in certain situations, be completely relaxed in others. Or he can be persuasive when there's something to be gained by persuasion.

Consequently, misdirected or fumbling applications of any of the tools of an executive's trade indicate an ineptness that is likely to show up in under-par performance.

The regional sales manager of a chemical products company was well aware that the successful sales executive is supposed to be aggressive.

He showed his drive by close supervision of his men. Reading their call reports, analyzing their weaknesses, trying to strengthen them.

But at meetings with fellow-sales managers, he dramatically presented plans to solve current sales problems; or, indulged in fervid, even hostile arguments with his colleagues on one or another point of sales policy.

Unknowingly, he killed his chances for advancement in his company. As his boss remarked: "He hasn't got enough sense to know when not to fight. What we need out of him is less competitiveness and more 'companiness.' He doesn't realize that he's a constant disruptive force."

Many managers have erected their own roadblocks by using inappropriate executive tools.

Another business executive is faced with the need to arrive at a decision regarding merchandising of a new product line. He calls a meeting of his staff, starts a discussion of possible approaches. Then, when a decision is required to decide on a specific action, he sits back and puts various proposals to a vote. In some cases, participation and "majority rules" may be called for. However, not now. The considered judgment of a single man—his decision—is required.

The selection and use of the right approach at the right time is a function of:

Executive methods. By now, the art-science of professional management has been developed to the point where guesswork is largely outdated. The executive who has a top-heavy workload now knows that there are a number of proven techniques for handling this problem. He can, for example, increase the areas of responsibility of some of his subordinates. Or delegate some of the work to new people to lighten his load.

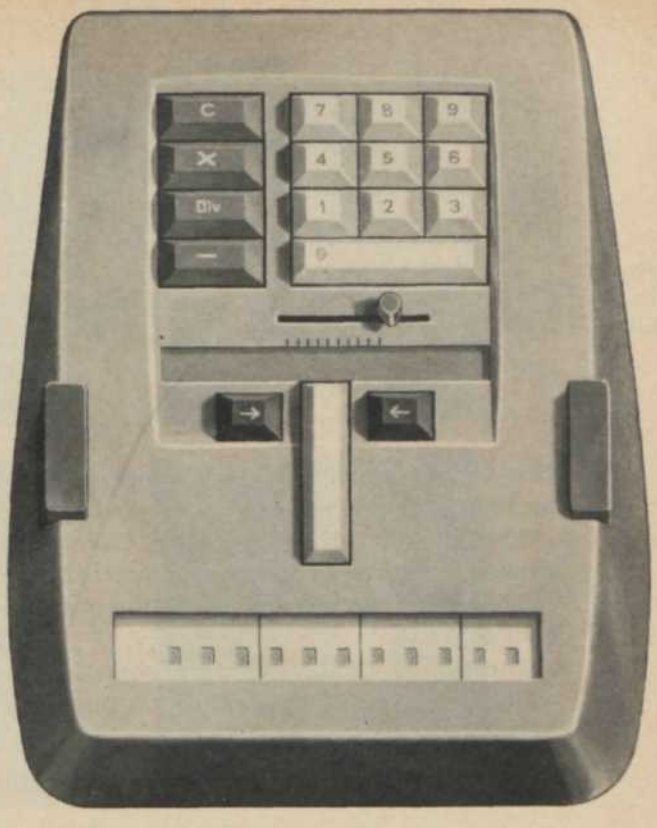
Leadership. Some of the correct actions are functions of leadership, rather than procedure. Yet, here, too, the manager must understand his leadership role well enough to know when he must command, when he must persuade, when he should seek participation from his subordinates, and when he alone must respond to the exigencies of the situation.

In the final analysis, career progress depends not only on the avoidance of the three basic pitfalls: career indecision, target distortion, and inappropriate action. Equally important is the positive planning for forward motion based on improving capabilities, experience and training.

The noteworthy aspect of the three roadblocks is their insidiousness. They often exist without the victim being aware of them. In most cases, once the spotlight of self-analysis has exposed them to view, they will respond to remedial treatment in a most satisfying manner.

—AUREN URIS,
Author of "The Executive Job Market"

REPRINTS *of "Put New Life in Your Career" may be obtained for 25 cents a copy, $12 per 100 or $90 per 1,000 postpaid from Nation's Business, 1615 H St. N.W., Washington, D. C. 20006. Please enclose remittance with order.*



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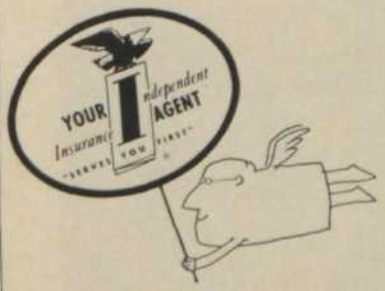
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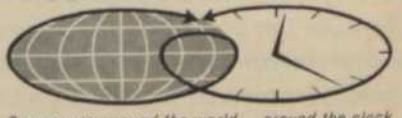
Well, yes. And to your advantage. It keeps us on our corporate toes; it means we build real value into every St. Paul policy, or go out of business. (After 112 years, that would be kind of a shame, wouldn't it.)

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Successful men—then and now

How do you convince today's somewhat skeptical youngsters that there is still room at the top for those who are willing to study and work hard?

The New York Sales Executives Club is doing just that by showing high school and college students photographs of successful executives as they appear now, and how they looked as youths.

The "then" pictures are on the top of the right-hand page, the current photographs below on both pages.

The Club finds the technique works—perhaps because young people of any era can see more easily a relationship by looking at a picture of someone their own age.

Take another look at the photographs. Try to match them up with their proper mates. On page 106 you'll find a list of the correct pairings.



Leslie B. Worthington, *now president of the United States Steel Corp., is the son of a coal miner and grew up in a small Illinois town. A university graduate, he began his career as a sales apprentice in the 1920's.*



Louis E. Seidman *heads the Dutch Masters Cigar Co. A native of Philadelphia, he worked part time in sales while attending Temple University. He studied accounting but selling has always been his first love.*



Arthur H. Motley, *known to hundreds as "Red," is the president of Parade Publications, Inc. Raised on a midwestern farm, he sold zithers and brushes to pay his way through college and has been selling ever since.*


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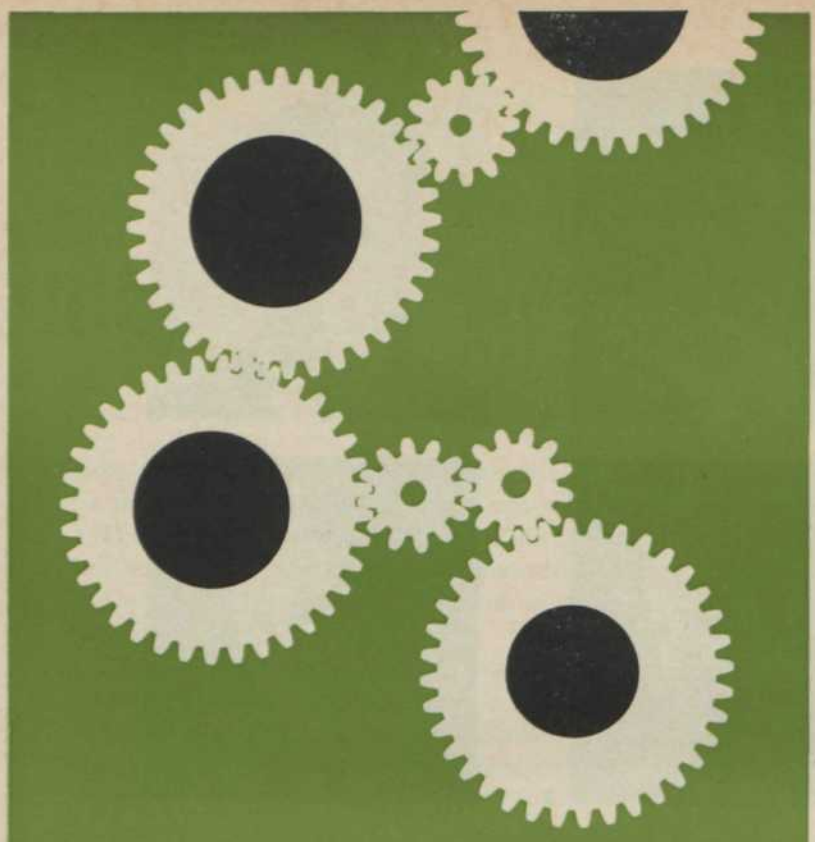




Norbert A. Witt *is the president of Noxzema Chemical Co. Born and raised in Muskegon, Mich., he had only a high school education. In his climb to success he held a number of jobs in selling field.*

Roy Abernethy *is president of American Motors Corp. A native of suburban Pittsburgh, he began his career as an apprentice mechanic in 1925. He attended night school classes to learn automotive engineering.*

William H. Miller, *a vice president of American Oil Co., grew up in Elvaston, Ill. His early ambition was to teach school, but he had to change plans and instead began his business career as a clerk.*



Who sets the standards?

What makes it possible to manufacture a light bulb in New York that fits a socket in Kentucky . . . or to write a prescription in Vermont that can be properly filled in California? In a word: standardization! Something we may often take for granted, yet it's what made America the consumer giant it is today.

But standardization of products and services didn't just "happen." It was the result of voluntary efforts by men like yourself . . . working through their respective trade or professional associations.

Besides the obvious economic benefits such voluntary action produces, there's an important bonus, too: it prevents outside regulation by others less qualified to do the job.

There are many other important areas where your voluntary participation in your association's programs can produce equally dramatic results. See exactly how you can help. Contact your trade or professional association today!

POINTERS FOR PROGRESS

through trade and professional associations

LESSONS OF LEADERSHIP

continued from page 76

tioning Stagg found that he was. The one who admitted he was smoking he wouldn't let run that day. The other fellow he wouldn't let run the rest of the year. And that meant points in the track meets.

Herbert Hoover was another who made a great impression on me.

I think the reason I had such great admiration for him is that he rose from bitter disappointment to be one of the great Americans of our time.

You served with Mr. Hoover?

I was head of one of the task forces of the Hoover Commission. He would come into a meeting and without notes he would make an analysis, talk and make suggestions; and at that time he was about 80 years old. He was just a great person, a very clear, capable thinker, organizer, planner, and a person who asked for action, asked for results.

Does anything worry you about the future?

Well, I don't like the trend in government, because it's toward socialism as such.

I am very much in favor of decentralization, bringing more power back to the states, but you lost a great deal of your ability to do that with the unlimited income tax. All your money is going into Washington, and then you bring it back as federal aid.

There is no reason why a state like Ohio, for example, couldn't take care of everything it needs.

To have money for urban redevelopment come from Washington for Cincinnati is ridiculous, to have money come in for education is ridiculous, to have money come in for hospitals is ridiculous.

There's not enough self-reliance today. It's having other people to do things for you, and that whole philosophy that I am afraid is creeping too much into the pattern of our thinking and living. Today there's too much let-Uncle-Sam-handle-things. **END**

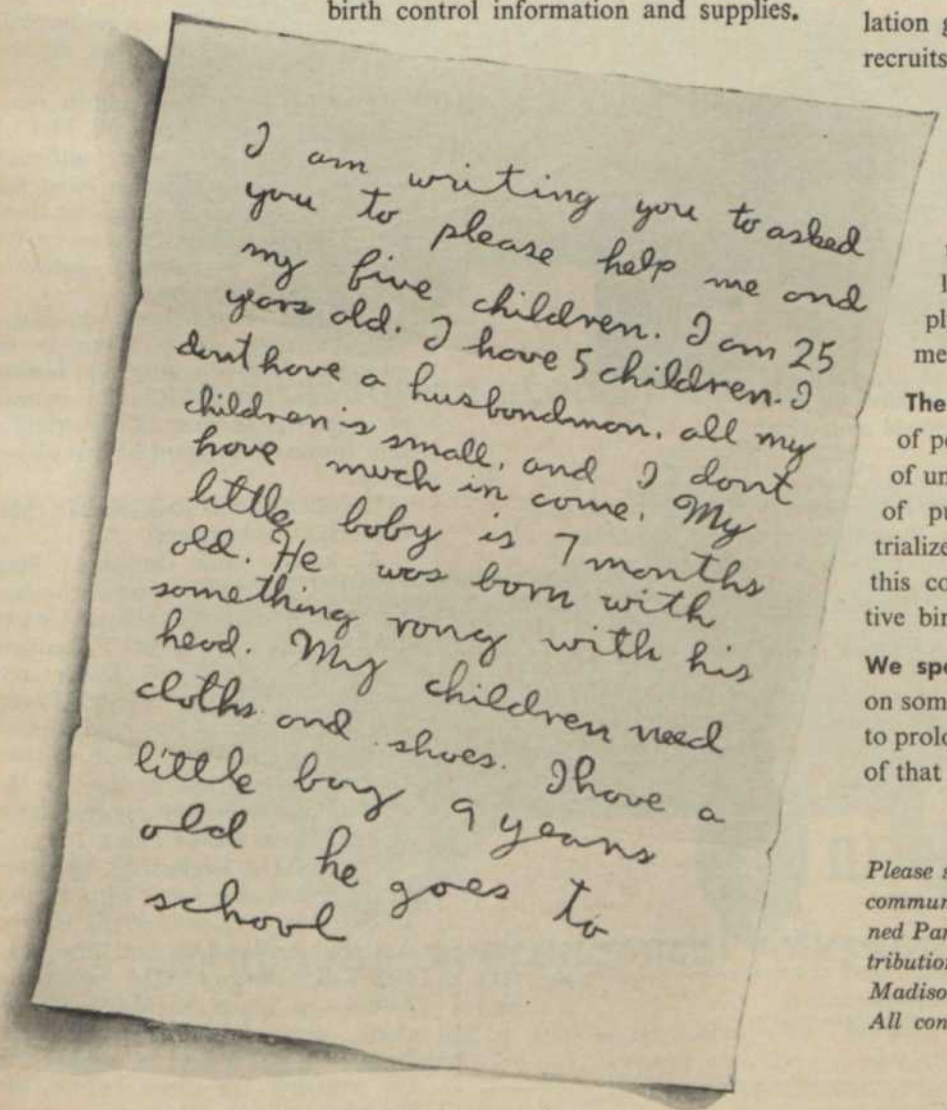
REPRINTS *of "Lessons of Leadership: Part IV: Making Ideas Flow" may be obtained for 30 cents a copy, $14 per 100, or $120 per 1,000 postpaid from Nation's Business, 1615 H St. N.W., Washington, D. C. 20006. Please enclose remittance with order.*

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This mother's letter is the most eloquent argument we can offer for expanded Planned Parenthood activities and tax-supported birth control facilities in health and welfare agencies. It is the best reason we can give for enlisting birth control in the War on Poverty.

Although studies show that low-income parents want as few or fewer children than more affluent Americans, 9 out of 10 underprivileged women in the U. S. lack birth control information and supplies.



Many of these families are the third generation of relief recipients in communities across America. In Chicago's Cook County it costs $10 million a month to support them.

They account for reports that, during the next year, one-half of all children born in New York City will belong to indigent parents.

Their numbers are growing almost twice as fast as the average U. S. population growth. From their ranks society recruits many of its juvenile delinquents, dropouts, and jobless. Many of them are illegitimate.

It costs taxpayers $7,000 to raise one child through age 17 under Aid to Dependent Children. It would cost less than $250 to supply a woman with a birth control method for the same period of time.

The U. S. now has the highest rate of population growth, the highest rate of unemployment and the highest rate of public dependency of any industrialized nation in the world. Much of this could be alleviated through effective birth control programs.

We spend millions of dollars each year on some of the better-known diseases . . . to prolong life. Let us preserve the quality of that life for everyone.

Please support Planned Parenthood in your community. If you do not have a local Planned Parenthood Center, please send your contribution to . . . Planned Parenthood, 515 Madison Avenue, New York, N. Y. 10022. All contributions are tax deductible.

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LABOR BOARD

continued from page 33

ment spokesmen, however, objected largely because of his former connection with an AFL-CIO affiliate. They also felt that Judge Leedom deserved reappointment.

For months after the Leedom term expired efforts were made to find a Republican replacement who was acceptable to both sides. The President wanted to retain two Republicans on the Board, presumably on the theory that this would give it balance.

Finally, the President appointed Mr. Zagoria, who was a Republican and acceptable to Mr. Meany, although not to employer representatives.

Employer sources feel that if any balance is to be given to the Board, it should be on a labor and management basis, not that of political party, because the agency administers a labor-management law and political affiliation is not necessarily indicative of one's views in this field.

The President last month reappointed Chairman Frank W. McCulloch to a second term, although employer representatives have felt they have two strikes against them with regard to him because of his labor-liberal background—however fair he may try to be.

Those in management who know the chairman agree there is no question of his sincerity and honest intentions, but feel that he cannot be impartial because of his orientation toward labor and liberal objectives.

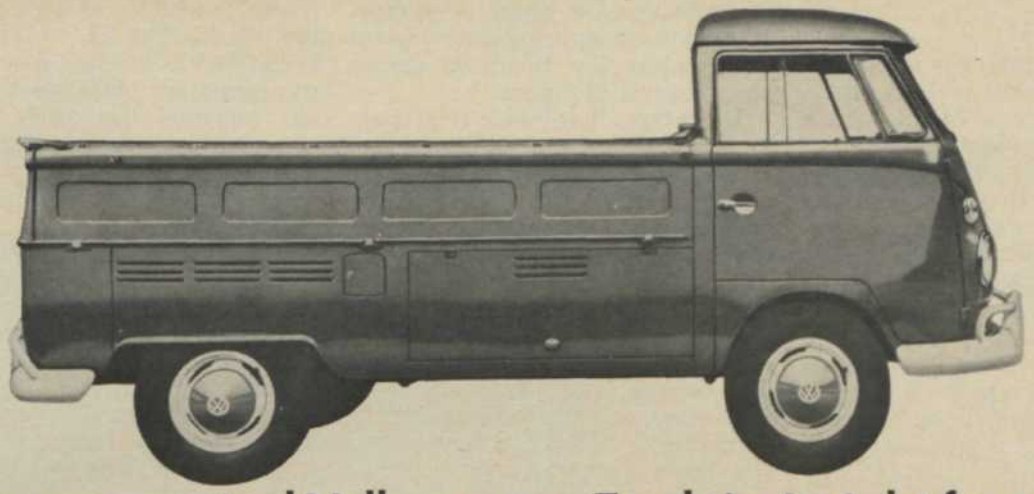
Here's a quick look at Mr. McCulloch's background.

A former aide to Sen. Paul Douglas, Illinois Democrat, he was a member of the Teachers Union, director of the Labor Education Division of Roosevelt University, secretary of the Illinois Labor Party, and a founder of the ultraliberal Americans for Democratic Action. He once sought nomination for the United States Senate on the ticket of the Illinois Labor Party.

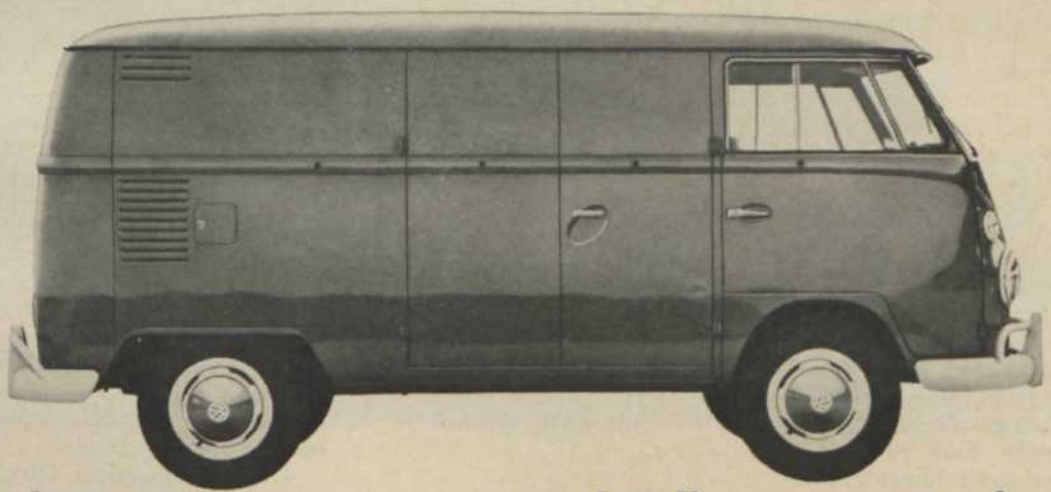
In the ADA leadership, Mr. McCulloch was associated with Walter P. Reuther, president of the United Automobile Workers, and Joseph L. Rauh, Jr., former ADA president. About two years ago Mr. Rauh became general counsel for Mr. Reuther's union and is responsible for pressing its cases before the Board.

Last April an associate general counsel of the UAW, Lowell M.

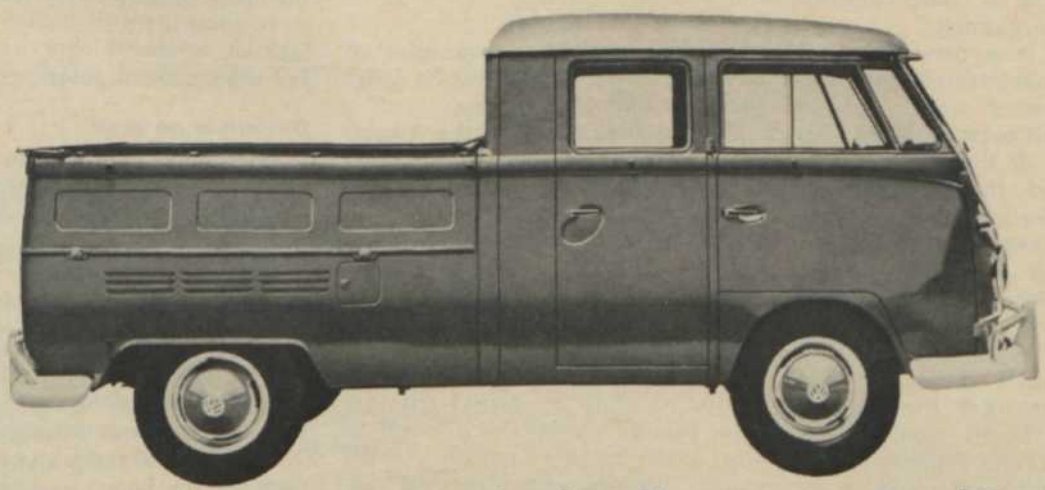
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LABOR BOARD

continued

Goerlich of Detroit, was appointed to the Board's staff of trial examiners. He had been on Mr. Reuther's legal staff for 19 years.

Board Members John H. Fanning and Gerald A. Brown are viewed by some management representatives as being most partial to unions, and, with the chairman, as comprising an antiemployer majority.

The fifth board member, Howard Jenkins, Jr., the other Republican, had been for seven years in the Department of Labor when he was appointed to the board two years ago.

He brought with him to head up his 20-man legal staff Harry M. Leet, who for 17 years had been an attorney in the Department of Labor, whose function is to improve the welfare of workers.

The General Electric Co. is challenging Member Fanning's impartiality in the much publicized decision which said that the company was unfair to the International Union of Electrical Workers in its method of bargaining and communicating with employees.

In its appeal of the Board's decision in the courts, GE is citing, among other things, Mr. Fanning's refusal to disqualify himself from the case on grounds of bias. The company contends that he evidenced "bias and prejudgment" in a speech made while the case was pending in which he described the company's policy as "hard bargaining" and "no bargaining."

Mr. Brown is a former school teacher and career board employee of almost 25 years' service. He is criticized as still being imbued with the philosophy of the Wagner Act, which preceded the Taft-Hartley law and was partial to unions. He was NLRB regional director in San Francisco when appointed to the Board by President Kennedy.

Earle K. Shawe, a member of the American Bar Association's Committee on NLRB practices, told NATION'S BUSINESS that the recent trend of board decisions in favor of unions "was prophesied for those not already expecting it by Mr. Brown almost four years ago." This, he said, was in a speech in which Mr. Brown developed the view that the Board is "unquestionably a policy-making tribunal," charged with encouraging collective bargaining.

Mr. Shawe, a former regional attorney for the Board in Baltimore, contends that when Congress in the federal labor law declared a policy of protecting the rights of workers it was not encouraging unionization or directing the Board to decide cases in favor of unions.

He charges that "since 1960 nearly every change in board rulings permits unions to do something they were not able to do before, although Congress has made no change in the law."

T. C. Kammholz, of Chicago, former NLRB general counsel, agrees that changes in Board policies in recent years "almost without exception have benefited unions."

"I disagree with these changes," he declared. "I believe they violate the law as Congress has written it. I believe they are bad for the country."

Thomas E. Shroyer, Washington attorney and chief counsel to the Senate Labor Committee which approved the Taft-Hartley law in 1947, cites the Supreme Court's view in reversing two NLRB decisions last spring as examples of how the Board substitutes its judgment for that of Congress.

Often overlooked is how industry's new machines make more and better jobs.
See Page 58

The highest court, in the American Ship Building and Brown Food cases, criticized the Board for construing its functions "too expansively when it claims general authority to define national labor policy."

The court also admonished lower reviewing courts not to rubber stamp decisions, stating, "The deference owed to an expert tribunal (the Board) cannot be allowed to slip into judicial inertia, which results in the unauthorized assumption by an agency of major policy decisions properly made by Congress."

Senator Fannin told this magazine that he is "deeply disturbed by the trend of NLRB decisions away from legislative intent with an apparent trend toward domination by union officials."

In the opinion of Gerard D. Reilly, Washington attorney and himself a member of the Board during World War II, "Management is justified in thinking that in union representation questions the Board has weighted the scales in favor of union organizers to the detriment of employer rights and the real sentiments of rank-and-file workers."

A member of the late Sen. Robert A. Taft's law firm, J. Mack Swigert, accuses the NLRB of failing to protect nonunion employees from union coercion as zealously as it protects union members.

"The nonunion employee today is the Board's forgotten man, a second-class citizen," the Cincinnati attorney said.

"If the Board finds that an employer influenced a representation election through some unfair labor practice, it punishes the employer by forcing him to recognize the union even though the employees may have voted against it.

"This makes the empoyees the whipping boy, forcing them to have a union representative even though they may not have wanted one and did nothing wrong."

Stanley R. Strauss, former chief counsel to a former board member, points to new decisions on organizational picketing, free speech and size of bargaining unit as being particularly helpful to unions in new organizing drives.

A former chairman, Guy Farmer, believes that the Board's decisions tend to favor unions because of the members' backgrounds, their beliefs as to what is social justice and their lack of firsthand experience in labor-management relations."

Unionists on staff

Employers are disturbed by the growing number of staff members with union backgrounds or inclinations.

Lawyers and other professional employees at the nonsupervisory level in Washington organized the NLRB Professional Association, which the NLRB recognizes as bargaining agent for two groups—about 100 on General Counsel Arnold Ordman's staff and about 80 who work for the board members.

Last year the general counsel similarly recognized the NLRB Union as agent for two units of field staff employees, one of some 600 professional employees and the other of 450 clericals.

The Board's executive secretary, Ogden W. Fields, a career employee, helped organize and was president



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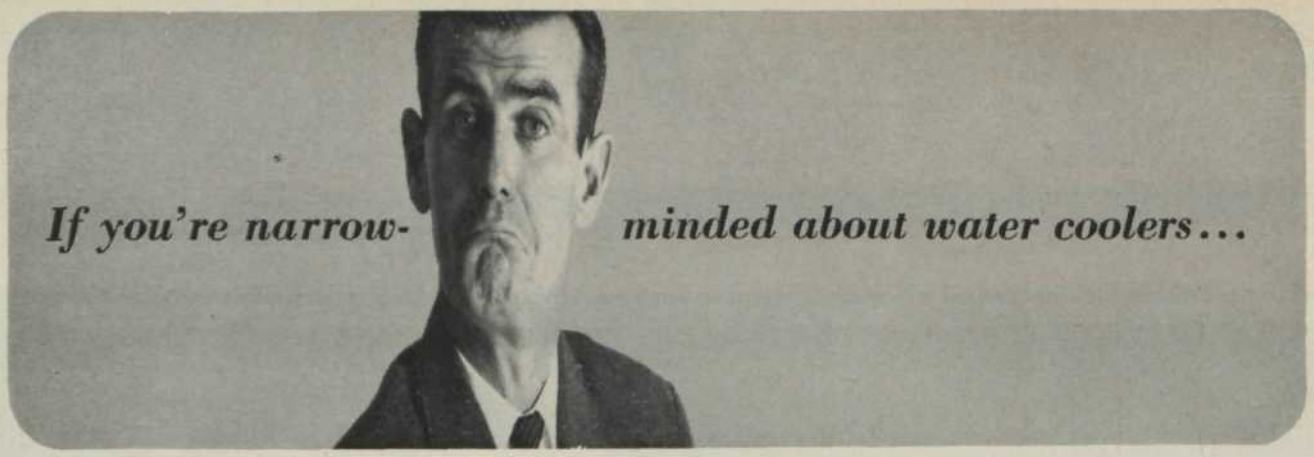
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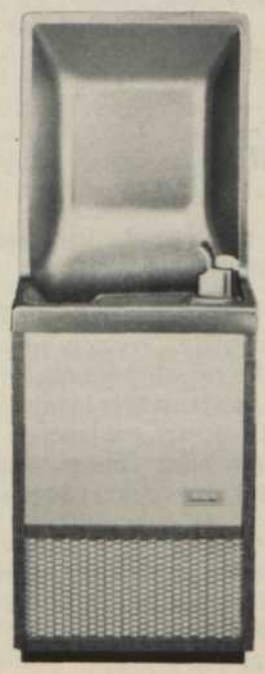
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LABOR BOARD

continued

in 1949 of a union for Washington office personnel which later became dormant.

The Board's solicitor, William Feldesman, was once associated with an attorney who represented the Seafarers' Union.

The 90 or so trial examiners, who play a key role in the prosecution of unfair labor practice charges, do not have a union. But more examiners are being added who seem to have union affinity, although the Board can point to others who don't.

The Board is sensitive about the suspected possible bias of a new trial examiner and, when it can, usually couples appointees of presumed balancing viewpoints when it announces them.

Objectivity in a trial examiner is particularly crucial because he plays a judicial role. He hears the evidence in unfair labor practice cases and makes findings which have such great weight that the Board has come to label them decisions. They used to be called intermediate reports.

Litigants who get an adverse decision from the trial examiner usually have great difficulty upsetting it, especially if the decision hinges, as it often does, on which witness is telling the truth.

The Board has a policy of attaching great weight to a trial examiner's findings as to credibility of witnesses unless a clear preponderance of the evidence shows that his conclusions are incorrect. It has been upheld in this position by the courts. Thus, an entire case can turn on the decision of a single trial examiner as to whom he wants to believe and whose testimony he rejects.

A Memphis attorney, Robert L. Taylor, says that his experience forces him to conclude that trial examiners and hearing officers go out of their way to help unions. He cites examples which he says show that they apply deadlines and other procedural rules strictly with respect to employers, but usually excuse any failure to observe them on the part of unions.

Outside specialists

There has developed in Washington a thriving business of lawyers who specialize in matters before the NLRB, usually representing unions or employers, seldom both. Many of them were formerly on the Board or its staff and are believed to have



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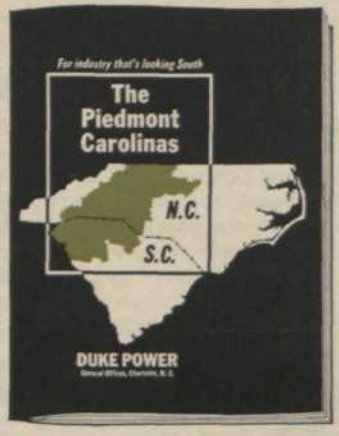
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LABOR BOARD

continued

special skills with respect to board policies and procedures.

Two specialists on the union side are Bernard Dunau, former enforcement attorney for the Board and Mozart G. Ratner, who once was in charge of the Board's litigation in the Supreme Court. Both are lawyers' lawyers, and both have many friends in NLRB.

Utilizing his courtroom experience with the Board, Mr. Dunau specializes in preparing legal briefs for union lawyers.

Mr. Ratner currently is handling a case for the International Association of Machinists against United Aircraft Corp. that could cost the company between $10 million and $40 million in back pay to employees if the union wins.

It stems from a nine-week strike of 32,000 employees in 1960. At issue are the reinstatement rights of some 3,800 strikers. The trial examiner, who has conducted extensive hearings over a period of more than two years, has issued a partial decision in favor of the company which, if it stood, could seriously damage the union's case.

General Counsel Ordman has joined Mr. Ratner in an appeal to the Board to overturn the trial examiner's partial finding.

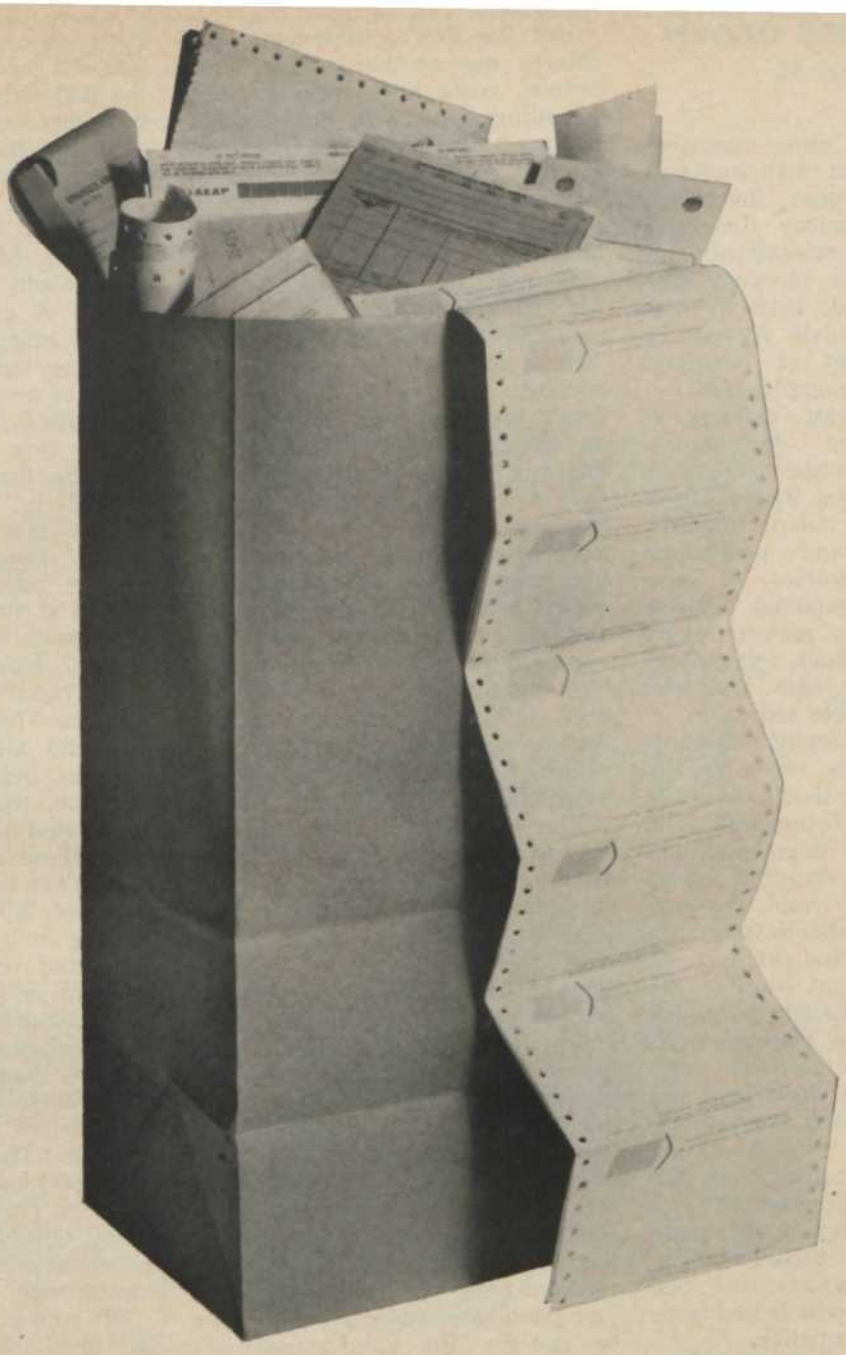
In 1955, two years after leaving the Board's staff, Mr. Ratner wrote a technical paper in which he criticized the decisions of the Board with regard to secondary boycotts, employer free speech and other vital labor issues. He also gave his views of what he considered the decisions should have been under the Taft-Hartley law.

Mr. Ratner's paper was quoted at length by Sen. Wayne L. Morse, Oregon Democrat, in an attack on the Board in 1956 which filled more than 35 pages in the *Congressional Record*.

After President Kennedy took office and the membership of the five-man Board began to change, an unprecedented number of policies and decisions of the old Board were overturned.

Management representatives say that many of the policies which Mr. Ratner advocated in 1955 are incorporated in the new decisions.

Disclaiming any credit for the policy changes, Mr. Ratner asserts that the Board has merely yielded to court decisions which overturned the positions of the earlier Board as favoring employers. **END**



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KEEP PRICES DOWN

continued from page 35

sultant, "is that some executives are so preoccupied with merchandise and equipment inventories they fail to inventory their personnel. The most scientifically advanced system for physical asset maintenance will do little to move the corporate vehicle forward if the vital function of personnel maintenance is de-emphasized.

"There is a vast network of screening, training, development and keeping individuals abreast of the latest techniques that is essential to nourish the talents required to meet the company's profit—and hence, price—objectives. I have seen too many companies outgrow their people. I have seen too many high-level individuals, singularly well qualified 10 years ago, who are virtually obsolete today."

It's a matter of keeping standards geared to excellence, skills and incentives updated so that individuals are qualified to meet standards. The trick is to provide a creeping improvement for each creeping change and in this way avoid creeping paralysis and its debilitating side effect, noncompetitive pricing.

Insidious is an apt word to describe the subtle changes occurring in many firms. Mr. Hannon says, "I have seen more than one company go down the drain and not realize it until it was too late."

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But the firm's promotional machinery was another matter. More serious, costs kept inching closer to selling prices with stubborn persistence. Eventually a crisis was reached. High-level conferences ensued and a decision was made to relocate in an area with a lower labor rate.

Wishful thinking, according to Mr. Hannon. "The decision to move wasn't realistic," he asserts. "Oh, it may relieve pressures temporarily. But sooner or later this firm's president will have to face up to the reality of a searching analysis. Either that or give up the ghost, for the true problem lies beneath the surface. New systems, new controls, dynamic training, must be provided to purge selling prices of the excessive costs corrupting them. Tactics and techniques must be developed to combat absenteeism, employee turnover, internal dishonesty, product waste, time waste and all the other wastes that combine to make prices bulge and profits shrink."

The consultant stresses the need for detailed planning to insure strong profitability and the sound price structuring that accompanies it. This is especially crucial in the firm that is motivated largely through the efforts of a single guiding genius. Mr. Hannon takes exception to the old adage, "You can't argue with success." He would substitute, "Past victories are no assurance of future gains."

The company which has thrust ahead in the past under the domination of a single all-knowing, all-wise puppeteer had best turn an anxious eye toward the horizon, cautions the consultant. The day is fast passing when a company can be run by the hand-in-every-pie technique, with the old man gadding from plant to office to warehouse to lab. Mr. Hannon believes that for all his talent, the lone genius is being outdated by the sheer complexity of modern business.

Not to mention the all-too-often overlooked consideration: What's going to happen when, all of a sudden, the old man is no longer there?

Broad-gauge profit plans

In spite of past successes, Mr. Hannon advocates a disaster plan for every company. This should be broad enough to include not only executive succession, but activity succession as well. Too many vital decisions are stalled because executives fear the consequences of faulty judgment. This is human and understandable, but it's not good business. It often means the loss of a good opportunity, or worse, the underlying dry rot that unfaced decisions tend to generate. This is precisely the kind of decay that nourishes high costs and hence, high prices.

It would be easier to make key decisions, Mr. Hannon suggests, if risks could be calculated in advance. A given situation, for example, might involve taking on a new line, building a warehouse, entering a new overseas market. An executive is apt to reason: "A move of this type, if unsuccessful, could ruin the firm—and me along with it." So he vacillates, often when he can least afford it.

The disaster-proofed executive, on the other hand, will reason: "What if the plan doesn't work? How much will it cost? What will be lost? How much of the loss can be salvaged? What is the worst that could happen?" Through analysis, and with the help of specific business indicators geared to the situation, working answers can be formulated to all these questions. Once these are supplied alternate actions can be prepared. More often than not, Mr. Hannon notes, after making such analysis an executive finds that the risk he feared was less than he had imagined.

Planning for profits and keeping pace with the times is not without pitfalls. Some firms stay dynamic, they think, by instituting sweeping changes to cope with creeping changes. The danger here lies in being swept away by one's own momentum. No profit potential should be left untapped. Every item of indirect expense should be examined continuously.

Of course, when the scrutiny goes deep enough it is likely to become uncomfortable for department heads unaccustomed to such fine-tooth combing. "But," says the head of one outstandingly successful company, "supervisors should be made to understand that if the president seems a bit unreasonable in his insistence on cost-oriented price control, his end purpose is the common good."

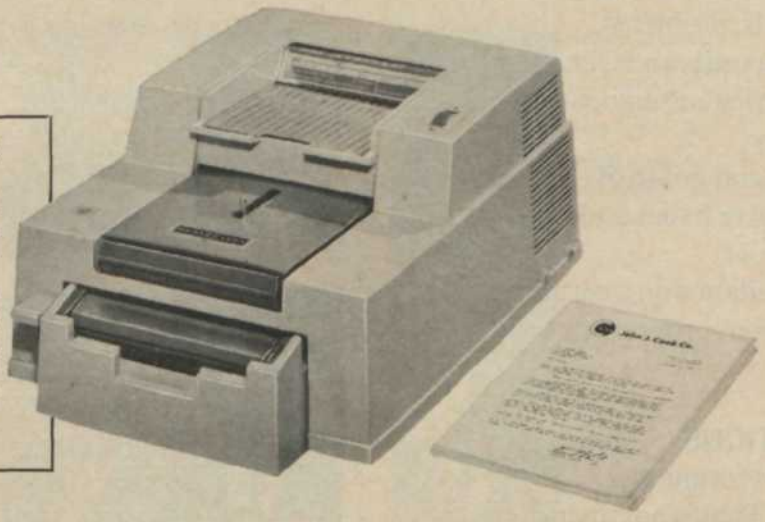
This same president was recently asked to explain the secret of his success. His response? "Unreasonableness."—RAYMOND DREYFACK

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PAPERWORK
EXPLOSION:
CAN
WE
CONTROL
IT?

Despite the blizzard of trillions of reports, letters and records, experts say we can bring order

TODAY 1.5 quadrillion pieces of paper filed in the nation's offices and storerooms are attended by an army of more than two million file clerks. This paper work of government and business is multiplying at the rate of 62 million file drawers a year. The hoard may double in 20 years unless management applies more effective controls.

It goes without saying that government and business have a real need to determine and record a vast number of facts. Organizations might never be shaped, plans might never be executed, and performance could not be measured without the aid of records. History books evolve from government archives; and except for the archives of business, the romantic story of commerce— what H. G. Wells called the "thrilling and illuminating documents about the makers and seekers of great fortunes"—might never be told.

Much of the history of civilization is to be found in the records of 5,000 years of business enterprise in selling, leasing, hiring, lending and collecting.

A million pages of new documents are produced every minute of the day; and for every copy of a new document the decision must be made: Shall it be destroyed or filed for future reference? Currently an estimated 250 billion pages a year are surviving this decision.

Government regulations are imposing an additional record-keeping burden on the nation such as would have been undreamed of 25 years ago. By the latest count 60-odd bureaus and offices of the federal government issue nearly 1,000 different regulations covering hundreds of types of records that business must keep. Although the record-keeping requirements of the Internal Revenue Service are the most numerous and far-reaching, other statistical and regulatory agencies are no less restrained in their demands.

Census Bureau questionnaires cover approximately three million retail, wholesale, service, amusement and lodging operations, engendering a volume of records such as would stagger the imagination. The Commerce, Treasury and Interior Departments require more than 200 different reports from the chemical industry alone. And oftentimes it is the business man who is harder hit by record-keeping requirements than the giant corporation.

On top of federal record-keeping demands, state and local governments are constantly piling their own. Although no comprehensive study has been made of state requirements, it is a fair conclusion that at least one-half of the nation's papers are government-generated.

The extent to which the technological revolution and government regulations are combining as a force behind our exploding papers is illustrated by the fact that 133 per cent more papers are needed in applying for a patent today than in 1916. The patent itself now requires, on an average, 100 per cent more sheets of specifications and drawings.

No reasonable man will judge the paper explosion as a phenomenon in its true proportion to the technological revolution and the demands of government. But the waste and inefficiency in our national habits of making and keeping copies of documents is in-

This article is adapted from "Modern Records Management: A Basic Guide to Records Control, Filing, and Information Retrieval," by Emmett J. Leahy and Christopher A. Cameron. Mr. Leahy is now deceased. Mr. Cameron heads Leahy & Co., Inc., The book will be published this fall by McGraw-Hill Book Co.

PHOTO—JON SCHOONMAKER

credible. A common example is the purchase order, now mass produced to supply upwards of 35 copies that eventually wind up in files throughout a company. Complete collections can be found in such departments as purchasing, accounting, receiving, inspection and inventory control. Yet seldom is any one collection organized or indexed to satisfy statutory requirements of retention.

In a filing spree unequaled anywhere else in the world, white and green and pink and buff copies of a letter are filed side by side. File cabinets occupying expensive office space are crammed with second-class mail matter, confirmations of hotel reservations, thank-you notes, invitations to luncheons, and other transitory papers more concerned with the amenities than with the hard facts of business. When expelled from office files these useless papers often converge in storerooms where they are held in boxes stacked to the ceiling and swollen beyond measure.

For all of our prodigality we are not satisfying the needs of documentation. Countless engineers and researchers are duplicating efforts despite multicopy reports of accomplishments and of work in progress, while executives fume over the inaccessibility of facts lost in files.

"We have the facts to prove that we are complying with the law, but if we were called to a congressional investigation I am not sure we could produce them," is the uneasy and typical complaint of the president of a large corporation.

Why the paper jungle

The truth is that filing systems are becoming snarled in the paper jungle.

Complicating the situation are three slippery problems: The human instinct to hoard papers, uncertainty as to government requirements on records retention and ignorance of record-keeping costs. To meet the future challenge for fewer and better records it is necessary to understand how each of these tends to influence the decision to keep papers rather than throw them away.

Some years ago an old Vermont farmer died. Pending probate of his estate, his executors were searching through his effects—hoards of papers, boxes and crates. Among other things were two unusually marked boxes. One was labelled "string." The other, "string—too short to keep."

In like manner, government and business appear to be indiscriminate string savers, holding on to documents for no better reason than the instinct to hoard.

A businessman who customarily risks money may balk at taking even the slightest calculated risk with papers. One investment house has been keeping customer correspondence for more than 20 years as proof of the authorization to buy and sell securities.

"How many of your buy-and-sell orders do you receive by telephone?" a records analyst asked a partner of the firm.

"At least 90 per cent," was the ready answer.

"Do you voice-record these telephone orders?"

"No."

Like his clerks, this partner was blinded by the hoarding instinct.

Those wizards of the office, electronic data processing and electric accounting machines, are ready and willing to take over many of our record-keeping chores. But for all his fascination with these machines, man is not yet ready to trust them. Office managers hold on to reports and forms after the data from these documents has been recorded on electronic tapes or punched cards.

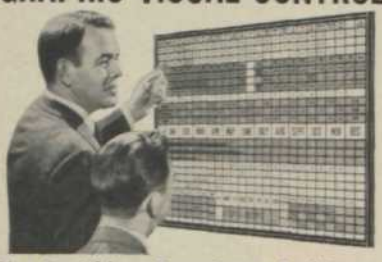
Not only are there too many federal record-keeping requirements, the pertinent ones are too hard to find and are often unclear. Government contractors and lessees must search out more than 50 requirements, varying according to the period of the contract (World War II, Korea, etc.), the type of the contract (fixed price, cost-plus, etc.), and the goods contracted for (supplies, construction, atomic energy program, etc.).

When the laws have been identified the businessman must then decide whether they apply to him. Is he a supplier of a "commercial article" which would exempt him from records retention in the contract renegotiation process? Is he an "employer" under the Federal Unemployment Tax Act? Nowhere is a "commercial article" clearly defined. Gobbledegook abounds to the endless confusion of businessmen. If "persons who employ individuals, but who consider that they are not employers" are not confused, they soon become so.

Finally, when the businessman has identified all the requirements applicable to him, he must determine which records to keep and for how long.

Some regulations do not even mention how long records should be kept. Others use the word "permanently" indiscriminately. Per-

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PAPER WORK

continued

manent means forever; yet some federal agencies require that "permanent records" be kept for two, three, or four years.

Executives complain about the paper-work burden, but few of them have any idea how much of it could be unloaded. Nor do they realize what their companies stand to gain from fewer and better records. Ask a company executive about his factory operations, and he can tell you the cost of making a nut or bolt to a fraction of mill. But ask this same executive about the average cost of writing a company letter or of keeping a four-drawer file, and the chances are that you won't get an answer. He is likely to think not of his company but of Washington as the mecca of paper work, and he is startled when told that surveys have turned up the fact that a typical company amasses 34,000 to 64,000 papers for each of its employees compared with Washington's 24,000 for a civil servant.

You'd never miss a third

Obviously, the value of records and the cost of keeping them varies from one company to another. Much depends on a company's efficiency in office management, the scope and complexity of its work and the extent to which it is regulated by government. But studies in hundreds of companies reveal facts that enable us to appraise the general value of our paper hoard and the average cost of filing and record-keeping. The indications are that:

Thirty-five per cent of the nation's papers could be destroyed immediately and never be missed. Most of these papers are in storage rather than in office files. The average cost of retention is $20 a cubic foot a year—an annual cost to the nation of $500 million.

Another 20 per cent is equally useless, but these papers are filed with useful records. Their destruction would involve a painstaking chore of weeding, which is usually more costly than retention.

Of the remaining papers, 95 per cent are useful for five years or less. Five per cent have a longer retention value, while only one per cent are of permanent value. About 50 per cent of these papers can be kept in low-cost storage rather than in offices.

Four pennies is the average cost of indexing and filing a paper; $640 to fill just one four-drawer cabinet.

Records managers in corporate business and consultant firms specializing in records are reporting considerable progress.

In a three-month drive against useless hoarding, one company destroyed 10 million papers, cut out the filing of another half million a year and recovered space and equipment for a total first-year savings of more than $100,000. Cost of the drive? $11,000.

By overcoming needless caution in keeping copies of invoices for 20 years when the law required only six years, a large chemical company is saving $15,000 a year on microfilming alone. Cost of this accomplishment? Just two hours of a records manager's time.

After moving seven times in the process of business expansion, another company discovered that it was moving at least 26 tons of junk each time. In its drive for better record-keeping practices this company released 1,888 square feet of office space and $31,000 of filing equipment. Then, convinced that it was cheaper to build than to move, the company constructed a permanent low-cost center to house its inactive records that must be kept.

Hundreds of similar examples prove overhead can be cut by the simple expedient of throwing away useless papers.

Modern records management is concerned not so much with cleaning out the wastes of yesterday as with controlling the wastefulness of tomorrow. Broadly speaking, a records management program has four big objectives:

- Fewer and better office files.
- Regular schedules for retirement and destruction of records.
- Preservation of historical documents.
- Protection of vital records.

To some extent paper work control involves every phase of office management: organization and procedures, systems, methods and processing steps, work measurement, work simplification, data processing and better use of manpower and machines. Any of these programs can serve to control records creation; and fewer and better records are the evidence of their effectiveness.

The paper tide that threatens to engulf us is 1, correspondence; 2, forms; 3, reports; 4, internal administrative issues, and 5, technical manuals. These five classes of records represent easily two thirds of the nation's paper work.

Perhaps the most significant facts revealed by recent correspondence studies are these:

Three out of every four two-page letters could be written in one page or less without impairing the meaning and with an actual improvement in the quality of the communication.

One to eight copies (average, three) are commonly made of dictated letters. Ninety per cent of these copies wind up in a file that is retained for a year or longer.

Any office that writes a quantity of letters can develop a bank of forms (printed or pattern letters) on which to draw for 60 to 90 per cent of its letter-writing needs.

How to control letter-writing

Here are six suggestions on how to control the creation of correspondence records. These suggestions can be followed by any company, whether or not it has a formal program for correspondence management.

1. Designate a distinctive color for official file copies. Non-record copies are then easier to recognize and dispose of.

2. File letters chronologically within folders whenever this arrangement is feasible. Duplicates are then readily detected and disposed of.

3. Don't file information copies that are circulated for reading. After they are read throw them away.

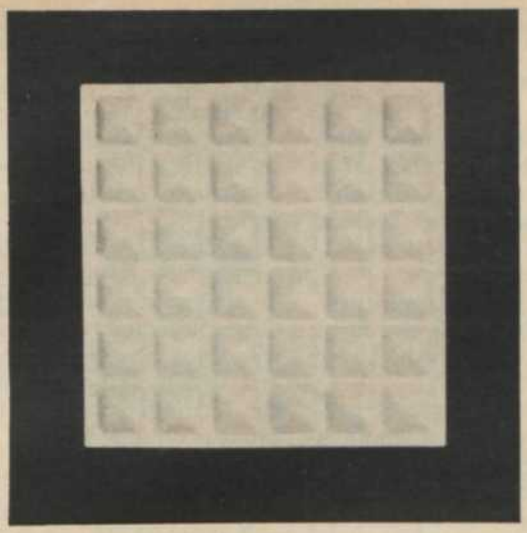
4. Keep out of organized filing systems such correspondence as requests for a confirmation of hotel reservations, invitations to lunch, announcements of meetings, thank-you notes, and chit-chat that adds nothing to the record. It is not unusual to find 30 per cent of a correspondence file built up from worthless papers of this kind.

5. Replace dictated letters with form letters. A good writer can de-

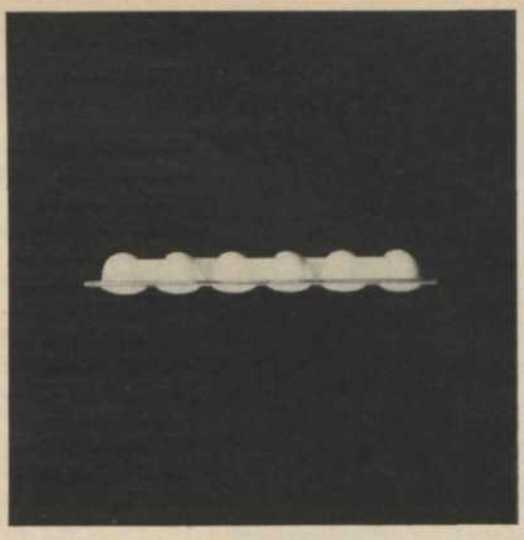
KEY TO "THEN" AND "NOW" PICTURES

Here are the proper pairings for the photoquiz on page 86:

Worthington—5.
Seidman—4.
Motley—6.
Witt—1.
Abernethy—3.
Miller—2.



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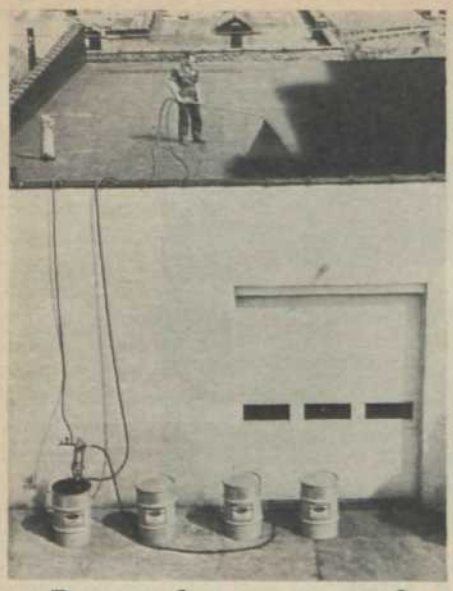
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PAPER WORK

continued

velop top-quality personalized form letters that can be produced at a fraction of the cost of a dictated letter and with fewer copies. Instead of filing copies of form letters, follow one of these practices:

When a form letter is used in replying to an inquiry, write the form letter number and date on the letter being answered.

Keep a list of the names of persons and organizations to whom a form letter is mass mailed.

Use a work sheet or an existing file to record a chain of actions involving the use of several form letters; for example, a series of collection letters sent out on an account can be recorded by noting their numbers on a work sheet or an existing account card.

6. For internal communications asking and answering questions write the answer on the bottom of the inquiry and send it back. Asking-and-answering correspondence is common between a home office and its branches.

"What are the plans for a sales quota in January?" asks the branch manager's letter.

"No decision as yet," is the gist of the home office reply.

On filing forms

It is a rare business transaction that does not require the use of at least one form. In a typical transaction such as a purchase on a charge account a dozen forms may be put to use as the charge moves through orders, accounts, billing, inventory and collections. And most of the forms are certain to be produced in multiple copies.

Consolidation in one form of facts now recorded on several is a means of cutting down the number of forms—but not necessarily the number of records. For each office usually receives a copy of the consolidated form to replace the individual one that is relinquished; and oftentimes an office adds data to its copy that creates another record.

The ideal is one file for one record copy, organized and operated to satisfy all reference requirements for the maximum retention period.

Forms and systems designers should also take into account a form layout that will facilitate sorting, filing and finding. Numbers, dates or names by which copies are to be filed should have a page position (usually the upper-right corner) where this data can be quickly scanned. Forms of standard size, suitable for standard filing equipment, are preferred.

Project planners and programers in machine data processing can also contribute substantially to records control.

Because machine listings and tabulations require only a fraction of the space consumed by forms, data punched on cards should, whenever practical, produce a record which will completely replace the forms from which the machine input is obtained.

For faster reports

Reports are essential guides to management in making decisions and plans. The favorable outcome of countless undertakings may depend on their quality. For this reason, if none other, prudent management is obliged to question the effect of the burden imposed by nonessential reporting requirements.

In too many cases, a reporting requirement is established before an objective evaluation is made of its need, cost and efficiency. Knowledge of the cost might show that the results would not be worth it; or an investigation might reveal that the required data are available from another source.

Yesterday's questionnaires can easily become habitual. For 30 years the plant managers in one company reported every month on the efficiency of the electrical systems. The original significance of the report, which was probably management's interest in extending usage of electricity, had long since been forgotten.

One of the major tasks of office management is to insure that each individual within an office knows what to do and when to do it. Written instructions are known variously as revisable manuals, standard operating procedures, bulletins, orders, circulars and announcements.

Duplication and confusion are overcome by a systematic plan for issuing internal instructions and directives. There are some common features in all good systems:

1. A definite policy on who issues directives.

2. Standard media for issuing instructions.

For example, a revisable manual as the medium for instructions on policy and procedure, bulletins for technical information, and circulars for announcements.

3. Review of issues at a point with-

Thimble Theatre starring POPEYE

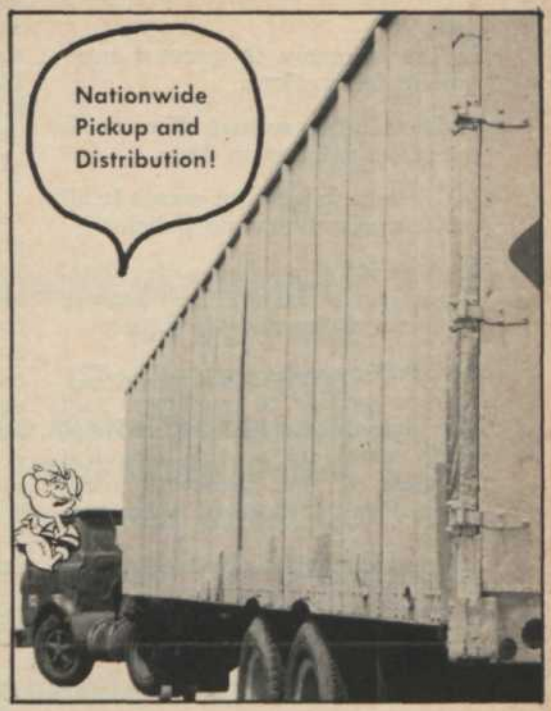
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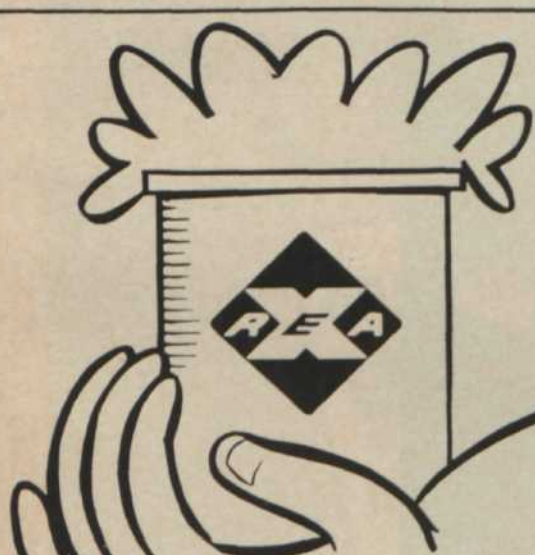
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in the company to prevent overlapping instructions.

4. Distribution so that offices needing copies will receive them.

5. Current indexes for access to all written procedures and policies.

6. A record copy of all policy statements and procedural instructions, kept at a designated file station.

On handling manuals

As a service to customers and distributors, manufacturers of equipment commonly provide technical manuals on the operation, maintenance and repair of their machines.

The technical manual is an oddment in business and industrial literature that often escapes the custodianship of both librarians and records managers. It is produced, stocked and shipped to customers like an item of supply. It is not a book, a periodical or a report such as normally engages the attention of a company librarian.

The documentation problem is recognized when a machine goes out of production and the related technical manuals are no longer available as regular supply items. It then becomes difficult to round up a copy, sometimes to the embarrassment of the sales and production departments. Even though there may be no legal responsibility for providing information on obsolete machines, most companies consider it good policy to do so.

A policy on record copies is needed for reports to stockholders and for promotional pieces on services and products, as well as for technical manuals. Retirement of a record copy of each issue immediately after publication seems to be the best policy.

Many companies couple the words "mail" and "files" as if there were no divorcing the two activities; and in some companies and government agencies the mail room and central files are, in fact, united.

This usually turns out to be an unhappy arrangement for everybody except possibly the parties in the union. Executives fume over delayed mail deliveries that can be traced directly to recording operations by which file personnel attempt to keep letters tied to the file apron string. Sometimes incoming mail is indexed for files before it is routed to the action desks. Not infrequently it is even copied and

A typical U. S. Company amasses from 34,000 to 64,000 papers for each of its employees. The average cost of storing this mass is $20 a cubic foot annually—a total national cost of $500 million.

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The subject of controlling records would be incomplete without some mention of the salubrious effect of training courses in business writing. A railroad saved $100,000 during the first year following its training course in letter writing. A life insurance company reported savings of $85,000 a year as a result of training; and one district office of the Internal Revenue Service cut operating cost $157,000 a year while making life pleasanter for taxpayers by more readable letters. The wonder of it is that every company and every government department does not cultivate the art of readable writing. **END**

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Nation's Business • September 1965

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